



Money Matters

Money Matters Financial Services Limited
ANNUAL REPORT 2011-12

NEW DRIVE
NEW DIRECTION
NEW DESTINATIONS



Our new logo is a symbolic representation of **PURNA KALASH**.

PURNA KALASH harmoniously brings together the Five Elements of nature: Earth, Water, Fire, Air and Sky (Panchmahabhuta), the very base and essence of any life. At Money Matters, we believe in creating a harmonious blend of:

- 'Our Knowledge Base' represented by the base of the kalash (Earth), indicating a solid platform for delivery of solutions;
- 'Our Clients' represented by the centre of the kalash (Water), indicating our wide spectrum of clients;
- 'Our employees' represented by the neck of the kalash (Fire), indicating highest positive energy being channelised for our clients;
- 'Our Service Providers' who enable our employees to leverage the knowledge base and deliver unique solutions to our clients, represented by the opening of the kalash (Air), indicating the opening for delivering solutions; and finally,
- 'Our Stakeholders' represented by the outside expanse to the kalash (Sky), indicating the all encompassing drive being provided by stakeholders for us to perform and deliver.

Contents

01	Board of Directors	24	Standalone Financials
02	Corporate Information	60	Consolidated Financials
03	Directors' Report	91	Statement pursuant to section 212
09	Management Discussion & Analysis	92	Details of Subsidiary Companies
12	Report on Corporate Governance		

“The future is a place that is created – first in the mind and will, and then created next in activity. The future is not some place we are going to, but one we are creating. The paths are not to be found, but made.”

John Schaar – Futurist

The beginning of future is always in today. Successful organisations know this. They are capable of probing into the future, see the “emerging picture” of the world tomorrow, and understand its dynamics and implications. Thinking holistically, they can frame the new world-view.

Successful organisations are also ahead of the curve in adapting to the new realities of tomorrow. They are among the first to move past the habit of applying yesterday’s solutions to today’s problems. They are proactive, lean and agile, enabling them to change direction and speed faster than others.

They are confident and capable to leverage their internal strengths and competencies into a new drive of change. They are both apt and able to re-think their current strategic direction. They are excited and enthusiastic of exploring new destinations.

At Money Matters, we have seen more than a glimpse of the future.

At Money Matters, we have commenced our journey on a new path with :

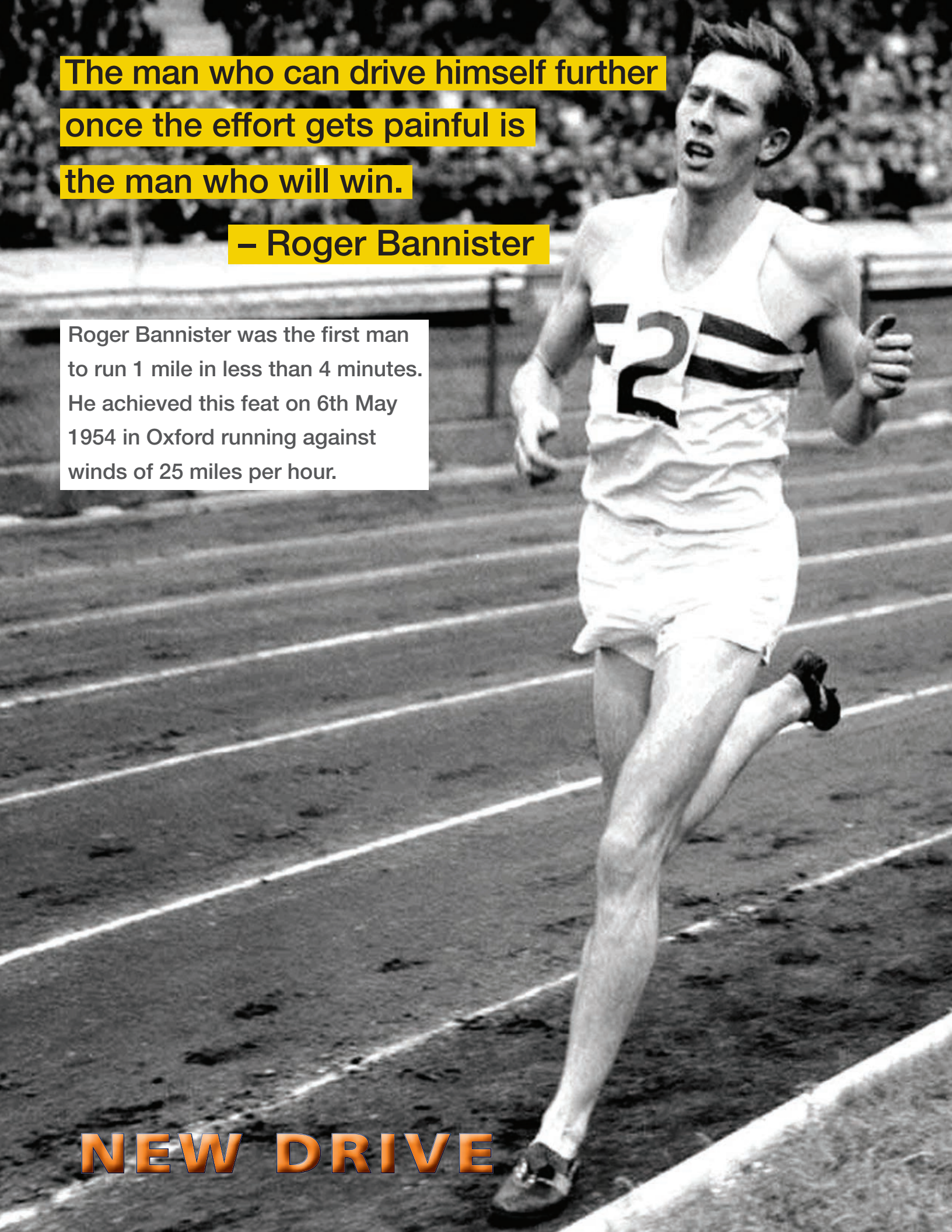
NEW DRIVE
NEW DIRECTION
NEW DESTINATIONS

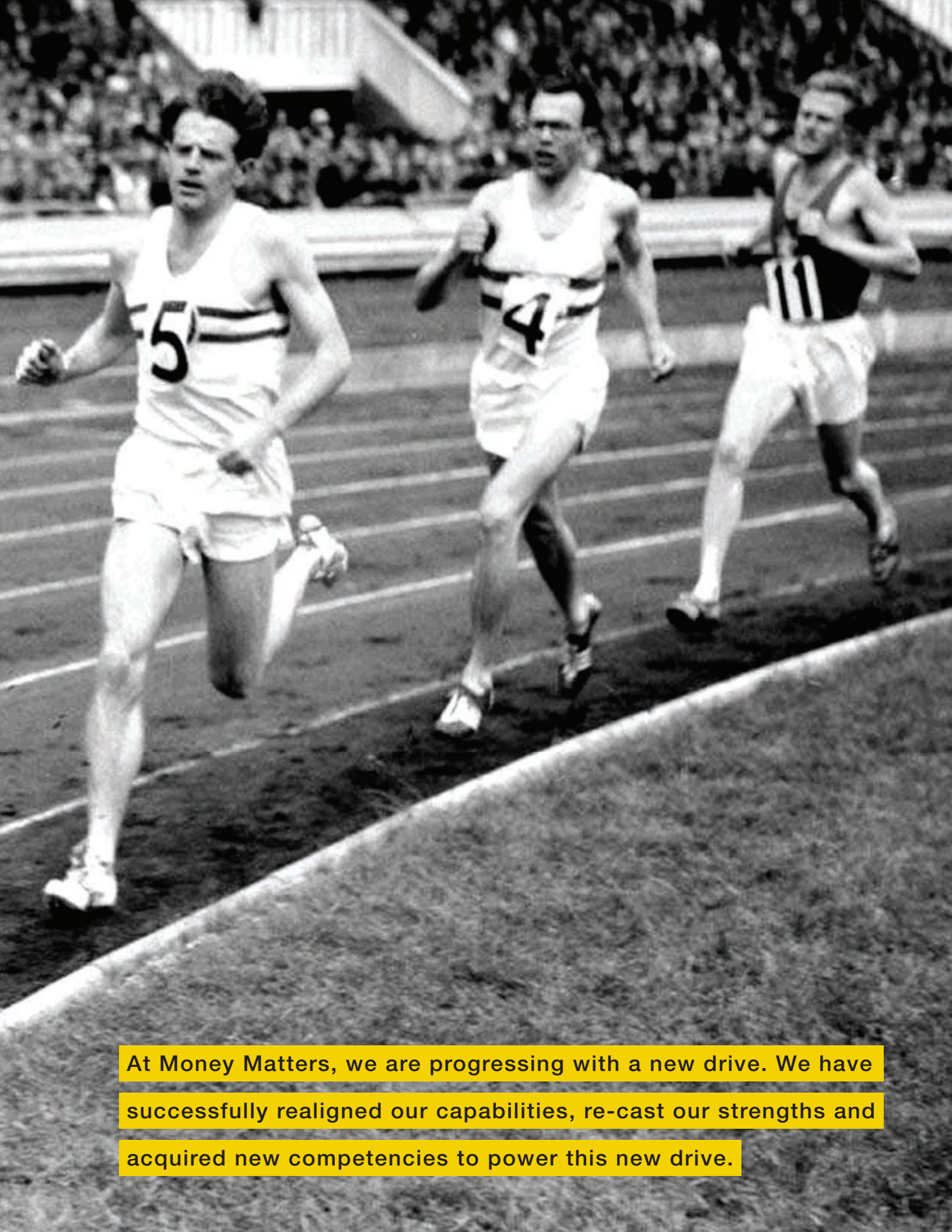
The man who can drive himself further
once the effort gets painful is
the man who will win.

– Roger Bannister

Roger Bannister was the first man
to run 1 mile in less than 4 minutes.
He achieved this feat on 6th May
1954 in Oxford running against
winds of 25 miles per hour.

NEW DRIVE





At Money Matters, we are progressing with a new drive. We have successfully realigned our capabilities, re-cast our strengths and acquired new competencies to power this new drive.

I cannot change the direction of the
wind, but I can adjust my sails to
always reach my destination.

– Jimmy Dean



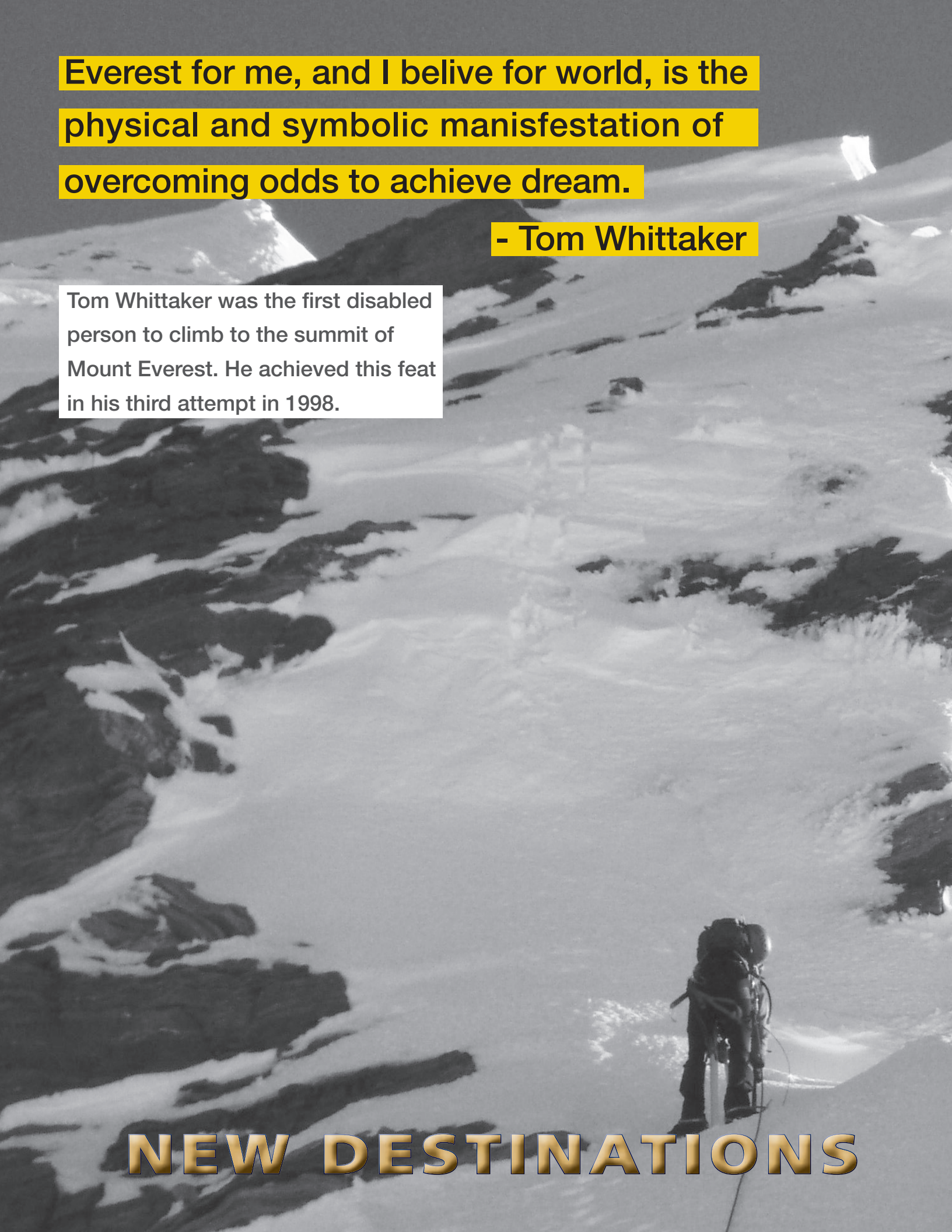
NEW DIRECTION



Winds of change have swept the financial world over the last few years.

At Money Matters, we have successfully adjusted our sails to change our

course and surge ahead in a new direction, harnessing winds of change.

A black and white photograph of a snowy mountain slope. In the foreground, a climber is visible, wearing a large backpack and using a rope. The climber is positioned on the right side of the frame, facing away from the viewer and slightly to the right. The mountain slope is covered in snow and has some dark, rocky patches. In the background, there are more snow-covered peaks and ridges. The overall scene is a high-altitude mountain environment.

Everest for me, and I believe for world, is the physical and symbolic manifestation of overcoming odds to achieve dream.

- Tom Whittaker

Tom Whittaker was the first disabled person to climb to the summit of Mount Everest. He achieved this feat in his third attempt in 1998.

NEW DESTINATIONS



At Money Matters, we are ready with a new drive and moving in
a new direction to reach new destinations.

Chairman's Message



You can't do today's job
with yesterday's methods
and be in business tomorrow.

Dear Shareholders,

It took us some time to give the required impetus to our business plan during the FY 2011-12. We increased our business activities gradually and continued to explore, evaluate and execute lending transactions one after the other. Lending compared to syndication, not only calls for a different mindset and approach but also requires distinct skill-set. I must say we were fortunate that we had the required skill-set within as we had already hired people keeping in view lending business since the time we planned for our QIP, which was successfully completed in October 2010 and we could address the requirement as it arose. During the year we disbursed loans amounting to ₹ 58,922 lacs and as on March 31, 2012 our outstanding disbursement stood at ₹ 37,031 lacs. We will take all steps necessary to create a healthy portfolio which will enable us to leverage our consolidated net worth which is in excess of ₹ 82,000 lacs as on March 31, 2012.

FY 2011-12 has been a new year for us in many ways as we believe in the saying "you can't do today's job with yesterday's methods and be in business tomorrow". We were finally ready to move ahead, in a new direction. To capture and encapsulate this new approach and new thinking, with your kind blessings, we have adopted a new look for your company – a new 'logo' that reflects about our new drive (conviction), new direction (action) and new destination (result).

Our new logo is a symbolic representation of 'PURNA KALASH'

"PURNA KALASH" stands for a harmonious blend of Five Elements (Earth, Water, Fire, Air & Sky) of Nature – (Panchmahabhuta), the very base/essence of any life. At Money Matters, we believe in creating a harmonious blend of

- ‘Our Knowledge Base’ represented by the Base of Kalash (‘Earth’) indicating a solid platform for delivery of solutions;
- ‘Our Clients’, represented by the Centre of the Kalash (Water), indicating our wide spectrum of clients;
- ‘Our employees’, represented by the Neck of the Kalash (Fire), indicating highest positive energy being channelized for our clients
- ‘Our Service Providers’, which enable our employees to leverage the knowledge base and deliver unique solutions to our clients, represented by the Opening of the Kalash (Air) indicating the opening for delivering solutions; and finally
- ‘Our Stakeholders’, represented by the outside expanse to the Kalash (Sky), indicating the all encompassing drive being provided by the stakeholders for us to perform and deliver

We aspire to grow in harmony with our clients & stakeholders leading to abundance & success for one and all.

In line with new thinking and with view to broad base our Board, we have inducted Mr. Bhagwati Prasad, former Chief Justice of Jharkhand High Court and Mr. Mukesh Kacker, Ex-IAS officer of 1979 batch, who is well-known for his initiatives/contribution to India’s Infrastructure space while with Government. Both

of them, in consultation with the other independent directors, are providing their independent insights and directing the management in a new direction towards new destinations.

As we venture ahead into 2012-13 with renewed vigour, I would like to take this opportunity to specially thank all our people at Money Matters and Stakeholders, who have stood by us through and have put in their best to ensure that Money Matters performs and delivers consistently.

I am confident that with our new thinking and our new approach, we will be able to overcome challenges. We have started with NEW DRIVE, in NEW DIRECTION which we are confident will take us to the NEW DESTINATIONS.

Looking forward to your continued support.

With best wishes,

Rajesh Sharma

Board of Directors



Mr. Rajesh Sharma
Chairman and
Managing Director

Mr. Rajesh Sharma is a Chartered Accountant and has over 17 years of experience in Capital Market and Financial Advisory Services. As a founder entrepreneur, he has been instrumental in making MMFSL one of the leading Financial Services players in India.

He brings in rich experience in Loan Syndication, Innovating new financial products, Designing Investment strategies for clients and financial risk management.



Mr. Bhagwati Prasad
Independent Director

Mr. Bhagwati Prasad retired as Chief Justice of Jharkhand High Court in May 2011.

He practiced law for nearly 24 years before being elevated as Judge of Rajasthan High Court in 1996. As a Judge of Rajasthan High Court, he initiated many reform measures as to improve functioning of the subordinate courts in Rajasthan.

He was later transferred as Judge of Gujarat High Court in 2006 and was elevated as Chief Justice of Jharkhand High Court in August 2010.



Mr. Mukesh Kacker

Independent Director

Mr. Mukesh Kacker holds a Masters degree in Economics from Harvard University, U.S.A.

He has three decades of experience of working in the Government as an I.A.S. officer of the 1979 batch before he opted for voluntary retirement. He was instrumental in planning and executing a major portion of the Golden Quadrilateral as Member of NHAI. He held important senior positions, both in policy formulation roles as well as in executing capacities. Government of India has inducted him as Member, Task Force on Infrastructure Development and Mega Projects.



Mr. Dinesh Chandra Babel

Independent Director

Mr. Dinesh Chandra Babel is a Chartered Accountant and LLB with an experience that spans over more than 40 years in the Industry. He is also a member of National Productivity Council, Surveyor & Loss Assessors Association.

He has worked with Birla Corp Limited, Jai Prakash Industries Limited, J K Corp Limited, Hindustan Development Corporation Limited, Birla Yamaha Limited, PSM Limited and Ispat Industries Limited.



Mr. Beni Prasad Rauka

Independent Director

Mr. Beni Prasad Rauka is a Chartered Accountant and Company Secretary with experience that spans over 23 years in the Finance Industry. Through his career he worked with Category I Merchant Banking firms and finance companies.

He is presently associated with SEB Group of companies as a group CFO and heads the finance and accounts departments since over last more than 10 years.

Corporate Information

BOARD OF DIRECTORS

Chairman and Managing Director

Mr. Rajesh Sharma

Independent Directors

Mr. Bhagwati Prasad *

Mr. Mukesh Kacker **

Mr. Beni Prasad Rauka

Mr. Dinesh Chandra Babel

Sr. Vice President- F&A

Mr. Ashok Agarwal

Sr. Vice President

Mr. Suresh Gattani

Vice President & Company Secretary

Mr. Harish Agrawal @

AUDITORS

M/s. Karnavat & Co.,
Chartered Accountants
1st Floor, Kitab Mahal,
D. N. Road,
Mumbai – 400 021.

BANKERS

Union Bank of India
Bank of India
Axis Bank Limited

REGISTERED OFFICE

1-B, Court Chambers,
35, Sir Vithaldas Thackersey Marg,
New Marine Lines,
Mumbai – 400 020.

REGISTRAR AND SHARE TRANSFER AGENTS

M/s. MCS Limited
Shri Kashiram Jamnadas Building,
Ground Floor, Office No. 21/22,
5, P. D'mello Road, Near Ghadial Godi,
Masjid Bunder (East),
Mumbai – 400 009.

* Appointed w.e.f December 21, 2011

**Appointed w.e.f February 11, 2012

@Appointed w.e.f November 14, 2011

Directors' Report

Dear Members',

Your Directors have pleasure in presenting the Eighteenth Annual Report and the audited statement of accounts of your Company for the year ended on March 31, 2012.

FINANCIAL RESULTS

(₹ In Lacs)

	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Profit before Depreciation, Tax & Exceptional Items	6,037.79	12,548.73	6,166.96	12,926.57
Less: Depreciation	99.74	65.34	129.26	103.11
Profit Before Tax & Exceptional Items	5,938.05	12,483.39	6,037.70	12,823.46
Less: Exceptional Items	-	72.31	7.01	72.31
Less: Provisions for taxation	1,911.29	3,984.65	1,946.09	4,065.07
Profit After Tax	4,026.76	8,426.43	4,084.60	8,686.08
Add: Reversal of earlier years adjustment of Joint Venture	-	-	-	6.19
Add: Balance brought forward from previous year	21,326.35	15,708.17	22,910.58	17,026.58
Balance available for appropriations	25,353.11	24,134.60	26,995.18	25,718.85
Appropriations				
General Reserve	225.00	500.00	225.00	500.00
Statutory Reserve	810.00	1,800.00	810.00	1,800.00
Dividend on Equity Shares	348.87	435.87	348.87	435.87
Tax on Dividend	56.58	72.40	56.58	72.40
Balance Carried to Balance Sheet	23,912.64	21,326.35	25,554.73	22,910.58

REVIEW OF OPERATIONS

Your Company being focused primarily on lending activities has to tread a very cautious path during the year as to balance between the return expectations and risk involved in lending business.

The Profit before Depreciation & Taxes (PBDT) amounted to ₹ 6,037.79 Lacs as against ₹ 12,548.73 Lacs in the previous year. The decrease in PBDT is mainly due to change in focus of business from non fund based activities to fund based activities. The disbursement of loans during the year were ₹ 58,922 Lacs compared to ₹ 11,700 Lacs in the previous year.

ASSET GROWTH

Total Assets of the Company has grown from ₹ 77,903 Lacs to ₹ 82,480 Lacs.

LOAN BOOK

Our Loan Book has increased to ₹ 37,031 Lacs as at March 31, 2012 from ₹ 11,615 Lacs as at March 31, 2011.

CAPITAL ADEQUACY RATIO

Your Company's total Capital Adequacy Ratio (CAR), as of March 31, 2012, stood at 129.73% of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off-balance sheet items, which is well above the regulatory minimum of 15%.

STABLE ASSET QUALITY

The Company had no NPA as at March 31, 2012 and the provisions for Standard Assets stood at ₹ 97.12 Lacs as on March 31, 2012.

Directors' Report

DIVIDEND

The Directors of the Company have recommended a dividend of ₹ 1/- per Equity Share of face value of ₹ 10/- each fully paid-up of the Company for the current financial year. The dividend on Equity Shares, if approved by the shareholders at the 18th Annual General Meeting, would amount to ₹ 405.45 lacs (including dividend tax of ₹ 56.58 lacs) and will be paid to those members whose names appear on the Register of Members of the Company as on July 20, 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis of financial condition, including the results of operations of the Company for the year under review as required under clause 49 of the Listing Agreement with the Stock Exchanges, is provided as a separate statement in this Annual Report.

THIRD WARRANT EXERCISE PERIOD & ALLOTMENT OF SHARES

3rd (third) Warrants exercise period commenced from December 27, 2011 and ended on March 26, 2012 as per the revised schedule approved by the Warrants holders in their meeting held on December 16, 2009. The Warrant exercise price for the 3rd (third) exercise period was fixed at ₹ 77.54/-.

Warrant holders holding 8401 warrants have tendered their application for conversion and were allotted 8401 Equity Shares of ₹ 10/- each fully paid-up on 30th March, 2012.

INCREASE IN SHARE CAPITAL

During the year your Company has allotted 10,700 Equity Shares of ₹ 10/- each fully paid-up on exercise of Stock Options issued under the 'Money Matters ESOP 2009', and has allotted 8,401 Equity shares of ₹ 10/- each fully paid-up on conversion of Warrants by the warrant holders of the Company during the 3rd Warrant exercise period.

DIRECTORS

In accordance with the provisions of section 255 & 256 of the Companies Act, 1956 and the Articles of Association of the Company Mr. Beni Prasad Rauka (DIN-00295213) Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

During the year Mr. Bhagwati Prasad (DIN-05152091) and

Mr. Mukesh Kacker (DIN-01569098) were appointed as Additional Directors of the Company with effect from 21st December, 2011 and 11th February, 2012 respectively.

Further, Dr. Sanjiv Kumar Sanger, Director has resigned w.e.f 19th May, 2012. The Board places on record its sincere appreciation for the valuable services rendered by Dr. Sanjiv Kumar Sanger during his tenure.

In terms of the provisions of section 260 of the Companies Act, 1956, Mr. Bhagwati Prasad and Mr. Mukesh Kacker will hold their respective offices as Additional Directors only up to the date of the ensuing Annual General Meeting. Your Company has received notices in writing from a member proposing candidature of Mr. Bhagwati Prasad and Mr. Mukesh Kacker for appointment as Director.

RESERVE BANK OF INDIA DIRECTIONS

Your Company is categorized as a non deposit taking systematically important (ND-SI) non-banking finance Company (NBFC). Accordingly during the year your Company has not accepted any deposits from the public and there were no deposits which become due for repayment or renewal. Your Company has complied with the directives issued by the Reserve Bank of India under the Non Banking Financial Companies (Reserve Bank of India) Directions, 2007, as amended from time to time.

SUBSIDIARY COMPANIES

As on 31st March, 2012, the Company has the following subsidiaries:

1. Money Matters Securities Private Limited;
2. Money Matters Investment Advisors Private Limited;
3. Money Matters Distribution Company Private Limited;
4. Money Matters Capital Private Limited;
5. Money Matters Research Private Limited; and
6. Money Matters Resources Private Limited.

Money Matters Advisory Pte. Ltd., which was incorporated in Singapore as a wholly owned subsidiary of Money Matters Research Private Limited, has been struck off from the register on 7th March, 2012 as per the intimation of the Accounting & Corporate Regulatory Authority, Singapore.

In terms of general exemption granted to companies vide General Circular No.2 and 3 dated 8th February, 2011 and 21st February 2011 respectively, issued by the Ministry of Corporate Affairs for not attaching the Balance sheets

Directors' Report

of the Subsidiary Companies and approval received from Board of Directors vide resolution passed at Board Meeting held on 19th May, 2012 under Section 212(8) of the Companies Act, 1956, the Balance Sheet, Statement of Profit and Loss, Reports of the Board of Directors and Auditors of the subsidiaries have not been attached with the Balance Sheet of the Company. However, the financial data of the subsidiaries have been furnished under 'Details of Subsidiaries' forming part of the Annual Report. Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements of the Company and its subsidiaries for the year ended March 31, 2012, together with reports of Auditors thereon and the statement pursuant to section 212 of the Companies Act, 1956, are attached. The financial statements of subsidiaries will be available on request made by any member of the Company and will also be available for inspection by any member at the registered office of the Company. The financial statements of your Company as well as its aforesaid subsidiaries are also available on the website of your Company i.e. www.money-matters.in.

AUDITORS

M/s. Karnavat & Co, Chartered Accountants, retires as Auditors of the Company at the ensuing Annual General Meeting and have given their consent for re-appointment.

In terms of the provisions of Section 225 of the Companies Act, 1956, the appointment of Auditors of the Company requires approval of the shareholders by way of an ordinary resolution. An appropriate resolution has been included in the Notice of the ensuing Annual General Meeting for approval of the shareholders.

Your Company has received the eligibility certificate under section 224(1B) of the Companies Act, 1956 from M/s. Karnavat & Co., Chartered Accountants, Mumbai.

AUDITORS' REPORT

M/s. Karnavat & Co., the Statutory Auditors of your Company, submitted their report on the accounts of the Company for the year ended March 31, 2012 which is self-explanatory and requires no comments or explanation under section 217(3) of the Companies Act, 1956.

CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement with stock exchanges, a separate section on Corporate Governance forms part of the Annual Report.

A certificate from the Auditors of your Company regarding compliance of conditions of Corporate Governance, as stipulated under clause 49 of the Listing Agreement and a declaration by the Managing Director with regard to Code of Conduct is attached to the Report on Corporate Governance.

Further, as required under clause 49 of the Listing Agreement with Stock Exchanges, a certificate from the Managing Director and Sr. Vice President – Finance & Accounts on the financial statements of your Company for the year ended on March 31, 2012, was placed before the Board at its meeting held on May 19, 2012.

EMPLOYEES STOCK OPTION PLAN

In line with its policy to give incentives to its employees from time to time, your Company has adopted the Employees Stock Option Plan (ESOP) in accordance with the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines') with effect from October 27, 2009.

During the year under review no fresh Options were granted and 10,700 Stock Options granted earlier were vested and exercised during the year by the employees.

Disclosures, as prescribed under the SEBI Guidelines, are set out in Annexure to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief they have:

- i) in the preparation of annual accounts, all applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on March 31, 2012, and of the profit of the Company for the accounting year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company

Directors' Report

and for preventing and detecting fraud and other irregularities;

- iv) the annual accounts have been prepared on a going concern basis.

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

Since your Company does not own manufacturing facility, the particulars relating to conservation of energy and technology absorption stipulated as per Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable.

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

PARTICULARS OF EMPLOYEES

Particulars of employees in terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time, forms part of the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report, excluding the aforesaid information, is

being sent to all the Members of the Company and others entitled thereto. Any Member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

ACKNOWLEDGEMENTS

The Board of Directors wish to place on record their appreciation for the support extended by the bankers, business associates, clients, consultants, advisors, shareholders, investors and the employees of the Company and subsidiaries for their continued co-operation and support.

We would also like to place on record our sincere appreciation for the co-operation received from the Reserve Bank of India, SEBI, NSE & BSE and all other statutory and/or regulatory bodies.

For and on behalf of the Board

Rajesh Sharma
Chairman & Managing Director

Place: Srinagar

Dated: May 19, 2012

ANNEXURE TO THE DIRECTOR'S REPORT

(i) Disclosures as required under SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999:

The details of employee stock option scheme of the Company and the details of options granted upto March 31, 2012 are as under:

Sr No	Particulars	Date of Grant 27/10/2009
1	Options Granted	825,000
2	The Pricing Formula	₹ 10/- Per Option
3	Options Vested (as at March 31,2012)	10,700
4	Options Exercised (as at March 31,2012)	10,700
5	The total number of Shares arising as a result of exercise of Options	10,700 equity shares of ₹ 10/- each
6	Options Lapsed (as at March 31, 2012)	703,000
7	Variation of terms of Options	NA
8	Money realised by exercise of Options	₹ 1.07 Lacs
9	Total Number of Options in force (as at March 31,2012)	111,300
10	Employee wise details of options granted to	
	a Senior Managerial Personnel	None
	b any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year	None
	c identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
11	Diluted EPS pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard -20	₹ 11.27
12	Impact of Difference on profits and EPS due to difference in Intrinsic Value and Fair Value	
	i Method of calculation of employee compensation cost	Intrinsic Value Method
	ii Difference between the employee compensation cost so computed at i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	Employee Compensation Cost As per Intrinsic Value Method (₹ 132.39 Lacs) As per Fair Value Method using Black Scholes Model (₹ 134.05 Lacs) Difference in Cost ₹ 1.65 Lacs

ANNEXURE TO THE DIRECTOR'S REPORT

Sr No	Particulars	Date of Grant 27/10/2009
iii	The impact of this difference on Profits and on EPS of the Company	<p>Impact on Profits and EPS</p> <p>Amortisation for the FY 2011-12</p> <p>As per Intrinsic Value Method (₹ 132.39 Lacs)</p> <p>As per Fair Value Method using Black Scholes Model (₹ 134.05 Lacs)</p> <p>Difference in Cost (₹ 1.65 Lacs)</p> <p>Impact on Diluted EPS ₹ 0.01</p>
a	risk free interest rate	8.36%
b	expected life	5 Years
c	expected volatility	65.52%
d	expected dividends	₹ 2.00
e	the price of the underlying share in market at the time of option grant	₹ 127.05
13	Weighted average exercise price	₹ 10/-
14	Weighted average fair value	₹ 118.79

Management Discussion & Analysis

ECONOMIC OVERVIEW

The economic conditions in the country in the current fiscal have been challenging with inflation being the major factor driving economic policy. This has had a major impact on other economic variables with official projections being modified downwards during the year. Policy formulation has become even more difficult with the volatility witnessed in the currency market, where the rupee has tended to remain weak against major international currencies, due to uncertainty in the Eurozone and high commodity prices. There was an overall slowdown in the economy, which was reflected in a GDP growth of 6.5%, as compared to GDP growth of in the region of 8% in the previous two years.

The infrastructure space witnessed a slowdown largely due to a number of government policies that could not be implemented due to political compulsions. On the other hand, real-estate space suffered a double blow of slowdown in demand due to high interest rates, and exceptionally high increase in cost of raw materials as well as finance costs.

CAPITAL MARKETS IN INDIA

The capital markets of India are in many ways a reflection of the larger economy of the country, i.e., a mix of contradictions. While India's equity markets are at par with the best equity markets in the world in technology, participation, products, regulations and risk-management, its debt markets, especially the corporate bond market, has scope for a lot of improvement. Even compared to the debt market of a highly regulated country like China, India's debt markets have a lot of catching up to do.

The Planning Commission has projected an investment requirement of over ₹ 45 lac crores (about US \$ 1 trillion) during the Twelfth Plan (2012-17). Financing infrastructure will, therefore, be a big challenge in the coming year and will require some innovative ideas and new models of financing. It is estimated that total investment requirements in all sectors will be ₹ 122 lac crores (about US\$2.7 trillion) (source: CII Report and The Economic Survey 2011-12). With the government opening up more projects in the infrastructure space to the Public-Private-Partnership model, it is all the more important for the debt markets to be broadened and reformed.

India was one of the worst performing emerging markets in FY 2011-12. The year was one that the equity markets would quickly like to forget – all that could go wrong, did

go wrong. Rising rates of interest, rising cost of fuel, falling industrial output, weakening rupee, policy indecision were just some of the factors that led to this.

During the year, the FIIs were marginal sellers of Indian equities, while domestic institutions were strong buyers.

The ensuing year looks to be an equally challenging and difficult year for the Indian equity markets. The global events in Eurozone will definitely affect the markets. Unless inflation comes under control, the RBI will not have much scope to lower interest rates. The Indian rupee is expected to remain weak in view of high commodity prices globally.

ROLE OF NBFC IN FUNDING

Traditionally and historically, it has always been the banks who have been the intermediaries between the savers as source of funds and the investors as seekers of funds. In the last few years, a lot of transformation and complexity has taken place in the financial intermediation space. NBFCs account for over 11% of the assets of the total financial system. NBFCs have emerged as an important financial intermediary especially in the small scale, retail sector and sectors where Banks are constrained to meet requirements of sectors like realty developers/promoters.

BUSINESS OVERVIEW

Money Matters Financial Services Limited (MMFSL) is a NBFC-ND-SI with an asset base in excess of ₹ 82,480 Lacs. MMFSL is one of the leading financial services companies in India with a strong presence in asset financing, advisory, consulting and other niche financial services products.

Over the last more than one and half years, the Company has adapted itself to meet the changing realities of the financial space in India, and has evolved new vision and focus.

The Company believes that there is a huge potential in lending business, and that due to its past experience in debt advisory, MMFSL is ideally positioned to leverage its experience and gain from this opportunity. The Company has studied the requirement of the borrowers in detail, understood the gaps and has evolved tailor-made lending solutions to match typical requirements of each segment of borrowers. The Company's solutions are transparent and have a quicker turnaround. The Company's lending business has been very well accepted by the industry. The Company took exploratory steps in 2010-11 in the

Management Discussion & Analysis

lending space, and in 2011-12, consolidated this line of business. The disbursement of loans during the year was ₹ 58,922 Lacs compared to ₹ 11,700 Lacs in the previous year. Going forward, the Company is exploring to develop innovative lending solutions and leverage its financial knowledge and expertise and emerge as **PREFERRED SOURCE OF FUNDS** in the financial space.

FINANCIAL PERFORMANCE

2011-12 was an extremely difficult and uncertain year for companies operating in the financial space. Both the global macro economic conditions as well as domestic market conditions combined to create strong headwinds. There was perceptible impact on margins and profitability for most companies in the financial space.

The Profit before Depreciation & Taxes (PBDT) amounted to ₹ 6,037.79 Lacs as against ₹ 12,548.73 Lacs in the previous year. Majority of the revenue was derived from lending activity, the prime focus of Company's business activities during the year.

OUTLOOK

The Company has re-aligned its strategic focus to concentrate on the lending business. The Company firmly believes that in view of many capital-intensive sectors facing difficulties in raising funds from traditional sources, there is a big potential opportunity. The Company has adequate and appropriate knowledge and experience as an aggregator and syndicator of loans, which it can leverage and capitalise on this opportunity.

Company has identified some niche areas where it believes it has the best risk-return ratios. These niche areas are the ones where traditional sources of funds are not focussed due to statutory/regulatory issues and business concerns, but where there is a high level of safety of capital through securitisation of assets as well as high levels of interest rates, especially for short & medium term periods.

The Company is further planning to introduce products and solutions that are tailor-made for borrowers – a certain and distinct differentiator as compared to traditional financiers. Moreover, the Company has simplified its processes to ensure that it has one of the shortest processing and turnaround times for proposals.

The Company has paid a lot of attention in ensuring that all its services and processes are transparent and have personal touch, which will go a long way in sustaining and enduring client relations for a much longer term.

The Company is confident about its prospects in the forthcoming year, and is looking forward to garner a larger

share in the credit requirements and expects to earn increasingly stable returns for its stakeholders.

RISKS AND CONCERNS

Being in the financial services business has its own typical risks and the Company takes full cognisance of the fact that these risks can have a serious impact on the operations of the Company as well as its profitability. In order to ensure that the impact of risks is minimal, the Company lays utmost importance on scanning the external environment regularly. The Company also has adequate risk identification and risk management and mitigation processes. Some of the foreseeable risks and their mitigation are as under:

Risk of Uncertain Macro Economic Environment

The continued trouble in Eurozone has had its affect on all financial markets of the world, and India is also affected. The affect was clearly felt in the previous year as the Indian Rupee continued to remain weak due to the crisis in Eurozone. Another affect was the cautious and stay-away attitude adopted by the foreign investors. All these have a telling affect on the Indian economy in general and the Indian financial space in particular. If this uncertainty in Eurozone continues during this year, it will put markets under further stress.

At MMFSL, the Company has mitigated this risk to a large extent by investing its funds in assets that are fully secured and that will have least impact of this global uncertainty. The company is judiciously building its asset portfolio and the surplus funds are invested in risk free debt securities & mutual funds.

Rising Interest Rates

In a strong bid to bring inflation under control, the RBI had resorted to increasing the interest rates many times over the last eighteen months. This has a spiralling affect on rates of interests at consumer and business levels. At MMFSL, lending is one of the new business verticals for the Company, and in case the interest rates remain high there is a theoretical chance that this will lead to fall in demand for funds, which would affect business of the Company. However, considering our book size, focus segments and the risk return matrix we don't foresee any let up in demand for funds.

Risk of Non-Performing Assets (NPA)

The risk of NPA is always a pertinent part of the lending business. There is always a chance that accounts become bad due to fall or collapse in the value of the asset against which funds have been advanced due to a variety

Management Discussion & Analysis

of reasons. These severely affect both the cash flow of lenders as well as have a diminishing affect on the quality of its total assets. However, in our case, the Company has one of the best asset verification and valuation processes. Adequate measures are taken to ensure that the veracity of the asset in terms of ownership, value, approvals, legal and statutory clearances, are all in place and thoroughly certified before funds are extended against such assets. In addition to these assets, the Company also has collaterals against fund lent as a back-up in case of fall in value of assets. Consequently, the NPA as on 31st March 2012 were NIL, which clearly shows that the Company's strict policy in assessing and valuing assets is adequate and effective.

Risk of Competition

There is always risk of competition in any business, and the finance business is no different. The Company has always believed in healthy competition which is good for the industry. There is ample scope for everybody to grow as the continuing growth in Indian Economy will also fuel requirement of funds in various sectors.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate internal control systems to ensure that all the assets are safeguarded and that all transactions are authorised, recorded and reported correctly. Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and that the systems are adequate. The Audit Committee of the Company overviews the internal audit function and the internal control systems and procedures to ensure the efficient conduct of business. The Company maintains adequate internal control systems, which is designed to provide assurance

regarding the effectiveness and efficiency of operations, the adequacy of safeguards of assets, the reliability of financials controls and compliance with applicable laws and regulations. The Company has implemented suitable controls to ensure all the resources are utilised optimally, financial transactions are reported with accuracy and that there is strict compliance with applicable laws and regulations.

HUMAN CAPITAL

The Company recognises that its success is deeply embedded in the success of the human resources. The Company has significantly scaled up its activities through investment in people and infrastructure. The Company nurtures its employees as its critical assets through healthy working atmosphere that ensures equal opportunity for growth and challenge to all the employees. The Company believes in creating business leaders by employing best talent in the industry, providing opportunities, empowerment by delegations, training and taking care of their growth.

CAUTIONARY STATEMENT

The statements made in this report describe the Company's objectives and projections that may be forward looking statement within the meaning of applicable laws and regulations. The actual result might differ materially from those expressed or implied depending on the economic conditions, government policies and other incidental factors which are beyond the control of the Company. The Company is not under any obligation to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

Report on Corporate Governance

Excellence in performance is directly linked to an organisation's philosophy of Corporate Governance. Keeping this important dictum in view, your Company has always placed major thrust on managing its affairs with diligence, transparency, responsibility and accountability.

The detailed report on Corporate Governance for the financial year ended March 31, 2012, as per the format prescribed by Securities and Exchange Board of India and incorporated in clause 49 of the Listing Agreement with Stock Exchanges, is set out below:

CORPORATE GOVERNANCE PHILOSOPHY

Company's Philosophy on Corporate Governance is a combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long-term shareholder value and enhances interests of other stakeholders.

It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and shareholder value.

BOARD OF DIRECTORS

The Company has maintained an optimum combination of Executive and Non-Executive Directors. As of March 31, 2012, the Board of Directors (the 'Board') consisted of Six (6) members of which five (5) are Independent Directors. The Independent Directors bring independent judgment in the Board's deliberations and decisions. Considering the stringent requirement of the skill-sets on the Board, eminent persons, having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions, are considered by the Nomination Committee for appointment, inter-alia, of Independent Directors on

the Board. The number of directorships and memberships held in various committees of other companies by such persons is also considered. The Board considers the recommendations of the Nomination Committee and takes appropriate decisions.

Your Company has an Executive Chairman and the management of the Company is headed by the Chairman & Managing Director, who operates under the overall supervision, direction and control of the Board. The Board reviews and approves strategy and oversees the actions and results of the management to ensure that the long-term objectives of enhancing stakeholder value are met.

None of the Director on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees across all the Companies in which he is a Director. None of the Director holds the office of Director in more than fifteen Public Companies and are not related to each others. All Non Executive Director are liable to retire by rotation.

During the year under review, six (06) meetings of the Board of Directors were held on April 26, 2011, May 30, 2011, August 08, 2011, November 14, 2011, December 21, 2011 and February 11, 2012. The 17th (Seventeenth) Annual General Meeting was held on July 25, 2011. The Maximum time gap between any two consecutive meetings did not exceed four months.

The compositions of the Board, attendance at the Board meetings held during the Financial Year under review and at the last Annual General Meeting, number of directorship (including Money Matters Financial Services Limited), Memberships/ Chairmanships of the Committees of public companies and their shareholding as on March 31, 2012 in the Company are as follows:-

Report on Corporate Governance

Name of the Director	DIN	Category	No. of Board Meetings attended	Attendance at the last AGM	Directorships	Committee position		Share-holding
						Chairman	Member	
Mr. Rajesh Sharma	00020037	Executive	6	Yes	8	Nil	1	8971159
Mr. Beni Prasad Rauka	00295213	Non Executive Independent	6	No	6	2	—	Nil
Dr. Sanjeev Kumar Sanger *	02988913	Non Executive Independent	2	No	3	Nil	2	Nil
Mr. Dinesh Chandra Babel	03042254	Non Executive Independent	6	Yes	2	1	3	Nil
Mr. Bhagwati Prasad @	05152091	Non Executive Independent	2	NA	1	Nil	Nil	Nil
Mr. Mukesh Kacker @@	01569098	Non Executive Independent	1	NA	3	Nil	Nil	Nil

* Resigned w.e.f. May 19, 2012. @ Appointed w.e.f. December 21, 2011. @@ Appointed w.e.f. February 11, 2012.

COMMITTEES OF THE BOARD

Board has constituted a set of committees with specific terms of reference/ mandate, as to effectively focus on the issues falling under their jurisdiction. The minutes of the meeting of all the Committees of the Board are placed before the Board for discussion/ noting.

Audit Committee

Pursuant to section 292A of the Companies Act, 1956, and clause 49 of the Listing Agreement with Stock Exchanges, the Company has constituted a qualified and independent Audit Committee comprising of Three (3) Independent Directors who have considerable expertise in accounting and financial management :

- i. Mr. Beni Prasad Rauka - Chairman
- ii. Mr. Dinesh Chandra Babel - Member
- iii Dr. Sanjeev Kumar Sanger - Member

Terms of Reference

The terms of reference of Audit Committee are wide enough, covering the matters specified in clause 49 of the Listing Agreement as well as in section 292A of the Companies Act, 1956, which inter alia are as under:

- a) Overseeing the Company's financial reporting process and disclosure of its financial information.

- b) Reviewing the results and accounts at the end of a quarter, half year and the full year before submission to the Board, focusing particularly on:

- 1) any changes in accounting policies and practices;
- 2) major judgmental areas;
- 3) significant adjustments resulting from the audit;
- 4) the going concern assumption;
- 5) compliance with accepted accounting standards;
- 6) compliance with stock exchanges and legal standards.

- c) Considering the appointment of the statutory auditors, internal auditors, tax auditors, their audit fees, and any matters of resignation or dismissal;
- d) Discussing with the statutory auditors before the audit commences, the nature and scope of the audit;
- e) Discussing problems and reservations arising from the statutory audit, and any matters the statutory auditor may wish to discuss (in the absence of the management, where necessary);
- f) Reviewing the statutory auditors' reports and presentations and Management's response thereto;
- g) Reviewing the effectiveness of the system of internal

Report on Corporate Governance

financial control and discussing the same periodically with the statutory auditors, prior to the Board making its statement thereon;

- h) Reviewing the internal audit programme, ensuring co-ordination between the internal and statutory auditors, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and to request internal auditor to undertake specific audit projects, having informed the management of their intentions;
- i) Considering the major findings of internal investigations and managements response;
- j) Considering any material breaches or exposure; breaches of regulatory requirements or of ethical codes of practice to which the Company subscribes, or of any related codes, policies and procedures, which could have a material effect on the financial position or contingent liabilities of the Company;
- k) Reviewing policies and procedures with respect to directors and officers expense accounts, including their use of corporate assets, and considering the results of any review of these areas by the internal auditors or the statutory auditors;
- l) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- m) Carrying out any other functions as may be falling within the terms of reference of the Audit Committee or as may be delegated to the Committee from time to time.

Composition & meetings

During the Period under review, four meetings of the Audit Committee were held on 30th May, 2011, 8th August, 2011, 14th November, 2011 and 11th February, 2012 and the attendance of Members at the meeting is as follows:

Name of the Member	No. of Meetings	
	Held	Attended
Mr. Beni Prasad Rauka	4	4
Mr. Dinesh Chandra Babel	4	4
Dr. Sanjeev Kumar Sanger *	4	2

* Resigned as Director on May 19, 2012.

Shareholders'/Investors' Grievance Committee

Terms of Reference

The Committee is responsible to oversee the redressal of shareholders' and investors' complaints/ grievances pertaining to share transfers, non- receipt of annual reports, dividend payments, issue of duplicate certificates, transmission of shares and other miscellaneous complaints.

The Committee also oversees the performance of the Registrar and Share Transfer Agent, and recommends measures to improve the level of investor related services.

Composition & meetings

During the period under review, four meetings of the Shareholders'/Investors' Grievance Committee were held on April 26, 2011, August 8, 2011, November 14, 2011 and February 11, 2012. The Composition of the Shareholders'/ Investors' Grievance Committee and attendance at its meeting is as follows:

Name of the Member	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Beni Prasad Rauka	Chairman	4	4
Mr. Rajesh Sharma	Member	4	4
Mr. Dinesh Chandra Babel	Member	4	4
Dr. Sanjeev Kumar Sanger *	Member	4	1

* Resigned as Director on May 19, 2012.

The status of investor complaints is monitored by the Committee periodically and reported to the Board. The complaints received from the shareholders, regulators, stock exchanges etc. are reviewed and they are expeditiously attended to by the Company/Share Transfer Agent.

Mr. Harish Agrawal, was appointed as Vice President & Company Secretary w.e.f November 14, 2011 and is also the Compliance officer of the Company, after resignation of Mr. Shyam Bhattbhatt, who resigned as Company Secretary, w.e.f November 14, 2011.

During the year ended March 31, 2012, the Company has not received any investor's complaints.

Report on Corporate Governance

During the year under review, the status of requests and complaints was as follows:

Particulars	Opening Balance	Received	Resolved	Closing Balance
Requests	0	7	7	0
Complaints	0	0	0	0

OTHER COMMITTEES OF THE BOARD

Compensation & Remuneration Committee

Terms of Reference

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to determination on their behalf and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages and any payment of compensation to the Managing Director and Whole-time Directors of the Company and to deal with matters pertaining to Employees' Stock Option Scheme.

Composition & meetings

The Compensation & Remuneration Committee comprises three independent directors and one executive director. During the year under review, one Compensation & Remuneration Committee meeting was held on December 21, 2011. The decisions are taken by the committee at meetings or by passing circular resolutions. The composition of the Compensation & Remuneration Committee and attendance at its meeting is as follows:

Name of the Member	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Rajesh Sharma	Chairman	1	1
Mr. Beni Prasad Rauka	Member	1	1
Mr. Dinesh Chandra Babel	Member	1	1
Dr. Sanjeev Kumar Sanger *	Member	1	NIL

* Resigned as Director on May 19, 2012.

Remuneration policy

For Managing Director

The Managing Director is paid a fixed quantum of salary and perquisites. He is also eligible for such percentage as commission/incentive as may be recommended by the Compensation & Remuneration Committee based on the overall performance of the Company, which shall be within the overall limits permissible under the Companies Act, 1956 and as approved by the Shareholders.

For Non Executive Independent Directors

Non Executive Directors get sitting fees for attending each meeting of the Board of Directors and reimbursement of out-of-pocket expenses incurred, wherever applicable, for attending such meetings. The sitting fee payable per meeting of the Board of Directors is ₹ 20,000/- and per Committee Meeting is ₹ 10,000/-.

The details of sitting fees/remuneration paid to Directors during the year 2011-12, are as under:

Sr. No.	Name of the Director	Sitting Fees for attending Meetings (₹)	Salary and Perquisites (₹)	Incentive/Bonus (₹)	Total (₹)
1)	Mr. Rajesh Sharma	NIL	7,500,000.00	2,00,00,000.00	2,75,00,000.00
2)	Mr. Beni Prasad Rauka	240,000.00	N.A.	N.A.	240,000.00
3)	Dr. Sanjeev Kumar Sanger	90,000.00	N.A.	N.A.	90,000.00
4)	Mr. Dinesh Chandra Babel	210,000.00	N.A.	N.A.	210,000.00
5)	Mr. Bhagwati Prasad	40,000.00	N.A.	N.A.	40,000.00
6)	Mr. Mukesh Kacker	20,000.00	N.A.	N.A.	20,000.00

Report on Corporate Governance

Service contract, Severance fees and Notice period:

Mr. Rajesh Sharma was appointed as the Managing Director of the Company for a period of five years with effect from January 24, 2009. His remuneration includes the salary & perquisites of ₹ 75,00,000/- p.a. Further, he received bonus of ₹ 2,00,00,000/-. His appointment may be terminated by giving three months notice in writing or salary in lieu thereof. No severance fees are payable on termination of his employment.

Asset Liability Management Committee

Terms of Reference

The Asset Liability Management Committee (ALCO) is a decision-making unit responsible for balance sheet planning from risk-return perspective, including the strategic management of interest rate and liquidity risks. The operating staff is responsible for analysing, monitoring and reporting risk profiles to ALCO.

Composition & meetings

During the year under review, the Committee met three times on August 8, 2011, November 14, 2011 and February 11, 2012. Composition of the ALCO and attendance at its meetings is as follows:

Name of the Member	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Rajesh Sharma	Chairman	3	3
Mr. Beni Prasad Rauka	Member	3	1
Mr. Dinesh Chandra Babel	Member	3	1
Mr. Ashok Agarwal	Member	3	3

Nomination Committee

Terms of Reference

Nomination Committee assists the Board in assessing the 'fit and proper' status of the proposed/ existing Directors and based on recommendation of the Committee, new Directors on the Board of the Company are appointed.

Composition & meetings

During the year under review, the Committee met twice on

December 21, 2011 and February 11, 2012. Composition of the Nomination Committee and attendance at its meeting is as follows:

Name of the Member	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Rajesh Sharma	Chairman	2	2
Mr. Beni Prasad Rauka	Member	2	2
Dr. Sanjeev Kumar Sanger *	Member	2	1

* Resigned as Director on May 19, 2012

Risk Management Committee

Terms of Reference

Risk Management Committee has been formed to manage integrated risk associated with the business of the Company in addition to the ALCO committee.

Composition & meetings

During the year under review, the Committee met once on February 11, 2012. Composition of the Risk Management Committee and attendance at its meeting is as follows:

Name of the Member	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Beni Prasad Rauka	Chairman	1	1
Mr. Rajesh Sharma	Member	1	1
Dr. Sanjeev Kumar Sanger*	Member	1	1

* Resigned as Director on May 19, 2012.

Securities Transfer Committee

Terms of Reference

Securities Transfer Committee looks into and examines the activities relating to securities transfers/transmissions/ deletion of names/transpositions/ name change/ issue of duplicate share/warrant certificates/split/consolidation of folio/consolidation of share certificates or matters related thereto.

Report on Corporate Governance

Composition & meetings

During the year under review, the Committee met once on May 25, 2011. Composition of the Securities Transfer Committee and attendance at its meeting is as follows:

Name of the Member	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Rajesh Sharma	Chairman	1	1
Mr. Beni Prasad Rauka	Member	1	NIL
Mr. Ashok Agarwal	Member	1	1

Securities Issue & Allotment Committee

Terms of Reference

Securities Issue & Allotment Committee has been formed for making allotment and issue of the Company's

securities either in physical and/or dematerialized mode and to perform all other activities related thereto.

Composition & meetings

During the year under review, the Committee met once on December 21, 2011. Composition of the Securities Issue & Allotment Committee and attendance at its meeting is as follows:

Name of the Member	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Rajesh Sharma	Chairman	1	1
Mr. Beni Prasad Rauka	Member	1	1
Dr. Sanjeev Kumar Sanger*	Member	1	NIL

* Resigned as Director on May 19, 2012.

GENERAL BODY MEETINGS

Details of last three Annual General Meetings is as follows

Particulars	2010-11	2009-10	2008-09
Date and Time	July 25, 2011 11.30 a.m.	September 08, 2010 03.00 p.m.	September 22, 2009 11:00 a.m.
AGM	17th AGM	16th AGM	15th AGM
Venue	Walchand Hirachand Hall, Indian Merchants' Chamber, LNM IMC Bldg., Opp. Churchgate Station, Churchgate, Mumbai - 400020	Kilachand Conference Room, Indian Merchants' Chamber, LNM IMC Bldg., Opp. Churchgate Station, Churchgate, Mumbai - 400020	Kilachand Conference Room, Indian Merchants' Chamber, LNM IMC Bldg., Opp. Churchgate Station, Churchgate, Mumbai - 400020
Number of Special Resolution passed	Nil	4	3

All Special Resolutions placed before the Shareholders at the 15th & 16th Annual General Meeting were approved with requisite majority.

Postal Ballot

In April 2011, Company has obtained approval of

its Members under Section 192A of the Companies Act, 1956, pertaining to alteration of the main object clause of Memorandum of Association of the Company by enlarging the existing sub clauses 1 and 2 and deleting sub clauses 3, 4 and 5 as contained in clause III (A).

Report on Corporate Governance

Voting Pattern and Procedure:

- For the conduct of Postal Ballot exercise, Mr. Nilesh Shah, Company Secretary, was appointed as Scrutinizer at the meeting of Board of Directors held on March 14, 2011.
- All Postal ballot form received upto April 18, 2011, the last date fixed for the purpose were considered.
- The result of the Postal Ballot was announced on April 21, 2011 at the Registered Office of the Company as per the Scrutinizers Report as under:

Description	Ballots	No. of Shares	Per-centage	Result
Special Resolution				
Votes in favour	97	24449961	99.99%	Carried with requisite majority
Votes against	3	36	0.00%	
Invalid Votes	32	3506	0.01%	

DISCLOSURES

- The Company did not have any material significant related party transaction having a potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in the Notes to the accounts forming part of the Annual Report.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory/regulatory authorities on all matters related to capital markets during the last three years and no strictures were imposed on the Company.

ADOPTION OF MANDATORY AND NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF LISTING AGREEMENT IS AS FOLLOWS

The Company has complied with all mandatory requirements and has complied with the following non-mandatory requirements of clause 49 of the Listing Agreement.

Remuneration Committee

The Company has constituted Compensation & Remuneration Committee to recommend/review remuneration of the Managing Director and Whole-time Directors based on their performance and defined

assessment criteria. More details are provided under heading 'Compensation & Remuneration Committee.

Whistle Blower Policy

In an effort to enhance transparency and fair practice, the Company has adopted and institutionalised a mechanism of reporting illegal or unethical instances. Employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate superiors. Such reports are received and placed at the Audit Committee and the anonymity of those reporting violations is maintained.

CMD & CFO CERTIFICATION

The Chairman & Managing Director (CMD) and Sr. Vice President-F&A of the Company provide annual certification on financial reporting and internal controls to the Board in terms of clause 49 of the Listing Agreement. The Chairman & Managing Director and Sr. Vice President-F&A also certify the accuracy of the quarterly financial results while placing the financial results before the Audit Committee and Board.

MEANS OF COMMUNICATION

The quarterly and half yearly results are published in widely circulating national and local newspapers, such as The Asian Age in English and Mumbai Lakshdeep in Marathi. The same are also displayed on the web site of the Company i.e. www.money-matters.in.

GENERAL SHAREHOLDER INFORMATION

Company Registration Details

The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is **U65921MH1994PTC173469**.

Annual General Meeting

(Day, Date, Time and Venue)

Saturday, July 28, 2012 at 12.00 noon

Kilachand Conference Room,
2nd Floor, Indian Merchants' Chamber,
LNM IMC Bldg., Opp. Churchgate Station,
Churchgate, Mumbai-400020 ,

Book Closure Date

July 21, 2012 to July 28, 2012 (both days inclusive)

Financial Calendar (tentative)

Financial Year - April 1, 2012 to March 31, 2013

Report on Corporate Governance

Results for the quarter ending –

June 30, 2012	- before August 14, 2012
September 30, 2012	- before November 14, 2012
December 31, 2012	- before February 14, 2013
March 31, 2013	- before May 30, 2013

Dividend

Dividend of 10% on the Equity Share amounting to ₹ 1/- on each Equity Share held of ₹ 10/- each of the Company will be paid, to the Shareholders whose names appear in the Register of Members as on July 20, 2012 subject to approval of the Shareholders at the 18th Annual General Meeting, within the statutory time limit of 30 days.

Listing

- a) Equity Shares of the Company are listed on BSE & NSE. The details are:

ISIN: INE180C01018

1. BOMBAY STOCK EXCHANGE LIMITED

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Code: 531595

2. NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Listing Department
Exchange Plaza, 5th Floor,
Bandra-kurla Complex,
Bandra (East),
Mumbai – 400 051.
Code: MMFSL

- b) Warrants of the Company are listed on BSE. The details are:

ISIN: INE180C13013

BOMBAY STOCK EXCHANGE LIMITED

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Code: 961680

Listing Fees up to the Financial Year 2011-12 have been paid in full to all the Stock Exchanges.

Market Price Data

- a) Equity Shares:

Monthly high/ low of the Closing Price and trading volumes on BSE/ NSE of Equity Shares of the Company is given hereunder:

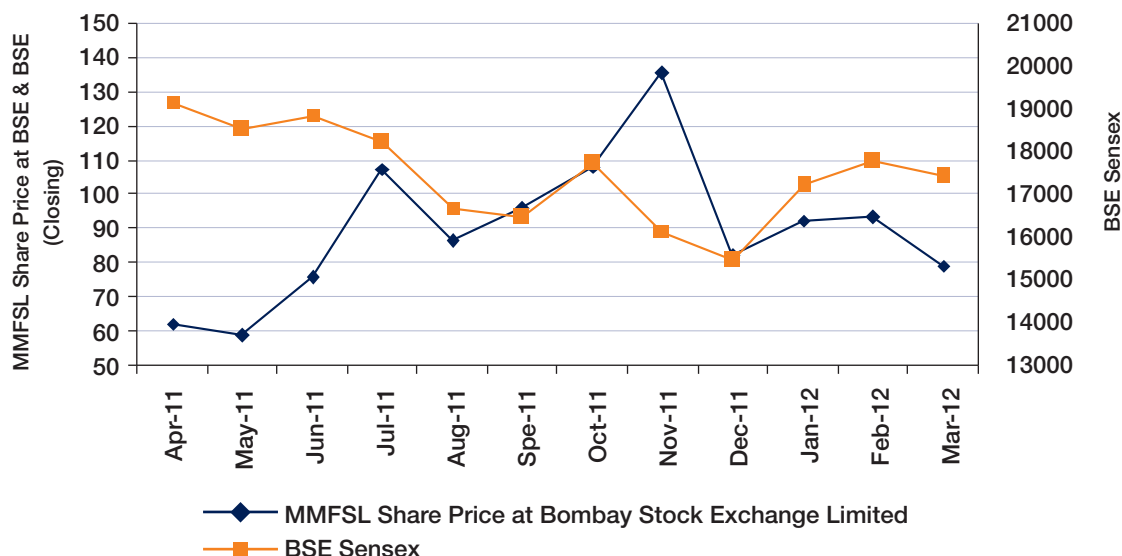
Stock Market Price Data of Equity Shares:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High Price (₹)	Low Price (₹)	Volume (No. of Shares)	High Price (₹)	Low Price (₹)	Volume (No. of Shares)
April 2011	85.80	59.50	5,93,373	85.70	59.25	6,07,281
May 2011	63.95	47.05	10,50,614	64.90	47.35	13,66,789
June 2011	84.70	51.55	19,86,232	85.40	52.00	29,08,789
July 2011	112.45	71.00	9,48,098	112.60	71.30	12,45,914
Aug 2011	124.55	72.95	6,72,970	124.95	71.25	7,72,287
Sep-2011	120.15	82.55	4,33,676	120.05	82.60	4,18,081
Oct 2011	112.00	88.15	1,25,826	112.75	88.15	1,36,347
Nov 2011	137.15	80.05	3,44,892	136.10	81.00	3,39,235
Dec 2011	145.00	81.00	5,76,366	145.90	79.00	8,43,391
Jan 2012	109.40	80.00	3,43,501	111.00	80.30	3,59,210
Feb 2012	114.80	91.00	2,89,842	113.90	90.00	3,90,943
Mar 2012	98.00	75.00	2,83,765	95.00	75.00	2,39,873

Report on Corporate Governance

Performance of the Company's Stock Price vis- a- vis Sensex:

MMFSL Share Price at BSE & BSE Sensex



b) Warrants:

Month	Bombay Stock Exchange Limited (BSE)		
	High Price (₹)	Low Price (₹)	Volume (No. of Warrants)
April 2011	9.18	2.16	20
May 2011	2.07	0.69	21
June 2011	19.95	2.42	31
July 2011	22.40	11.35	27
Aug 2011	16.10	8.00	13
Sep-2011	7.59	2.45	14
Oct 2011	25.00	9.10	32
Nov 2011	25.99	10.37	27
Dec 2011	11.42	8.54	26
Jan 2012	22.25	10.32	27
Feb 2012	20.03	20.03	1
Mar 2012	9.18	2.16	20

Registrar and Share Transfer Agents

For Equity Shares & Warrants related matters, Members/holders are requested to correspond with the Company's

Registrar and Transfer Agents quoting their Folio No. / DP ID & Client ID at the following address:

MCS Limited
 Shri Kashiram Jamnadas Building
 Ground Floor, Office No.21 & 22,
 5,P. D. Mello Road, Ghadial Godi, Masjid (East),
 Mumbai 400 009.
 Tel: 022-2372623/55, 022-67439092
 Telefax: 022-23726256/23726252
 E-mail: mcspanvel@yahoo.co.in

Share Transfer System

Securities lodged for transfers are processed and security certificates are returned within a period of 15 days from the date of receipt, subject to all documents being valid and complete in all respects. The Board of Directors has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Securities Transfer Committee. The minutes of the Securities Transfer Committee meetings are placed before the Board. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities, as required under clause 47(c) of the Listing Agreement, and files a copy of the certificate with the BSE & NSE, where the Equity Shares of the Company are listed.

Report on Corporate Governance

Shareholding Pattern as on March 31, 2012

Category	No. of Shares	% of Holding
A) Promoters Holding		
Individuals	9309694	26.6849
Bodies Corporate	11597838	33.2435
Sub- Total (A)	20907532	59.9283
B) Non- Promoters Holding		
1) Foreign Institutional Investors	4010192	11.4946
Sub- Total (B) (1)	4010192	11.4946
2) Non- Institutions		
• Bodies Corporate	8317972	23.8422
• Individuals	1638748	4.6972
• Non Resident Indians	13115	0.0376
Sub- Total(B) (2)	9969835	28.5770
Grand Total (A+B)	34887559	100.0000

Distribution Schedule as on March 31, 2012

Range	No of Share Holders	%	No of Shares	%
1 – 500	3695	83.9391	386988	1.1092
501 – 1000	458	10.4044	304360	0.8724
1001– 2000	108	2.4534	158116	0.4532
2001– 3000	29	0.6588	75037	0.2151
3001– 4000	19	0.4316	65414	0.1875
4001- 5000	21	0.4771	99216	0.2844
5001-10000	25	0.5679	174164	0.4992
10001-50000	23	0.5225	459778	1.3179
50001-100000	3	0.0682	190497	0.5460
And Above	21	0.4771	32973989	94.5150
Total	4402	100.0000	34887559	100.0000

Warrant Holding Pattern as on March 31, 2012

Category	No. of Shares	% of Holding
A) Promoters Holding		
Individuals	Nil	Nil
Bodies Corporate	Nil	Nil
Sub- Total	Nil	Nil
B) Non- Promoters Holding		
1) Foreign Institutional Investors	Nil	Nil
Sub- Total	Nil	Nil
2) Non- Institutions		
• Bodies Corporate	3630994	97.45
• Individuals	95092	2.55
Sub-Total	3726086	100.00
Grand Total	3726086	100.00

Distribution Schedule as on March 31, 2012

Range	No of Warrant Holders	%	No of Warrants	%
1 – 500	138	71.5026	17263	0.4633
501 – 1000	22	11.3990	18009	0.4833
1001– 2000	13	6.7358	21091	0.5660
2001– 3000	6	3.1088	15553	0.4174
3001– 4000	1	0.5181	3450	0.0926
4001- 5000	2	1.0363	9771	0.2622
5001-10000	5	2.5907	30688	0.8236
10001-50000	2	1.0363	32070	0.8607
50001-100000	Nil	0.0000	Nil	0.0000
And Above	4	2.0725	3578191	96.0308
Total	193	100.0000	3726086	100.0000

Report on Corporate Governance

Dematerialisation of Equity Shares and Liquidity

The Company's shares are currently traded only in dematerialised form over NSE & BSE. To facilitate trading in dematerialised form, the Company has tied up with NSDL and CDSL. Shareholders can open account with any of the depository participants registered with any of these depositories. As on March 31, 2012, about 99.92% of the Company's shares were held in dematerialised form.

The Company has not issued any GDRs/ADRs

Updation of Email Address for Green Initiative in Corporate Governance

Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing Circulars 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, whereby Companies are permitted to send Notices/ documents including Annual Report comprising Balance Sheet, Profit & Loss Account, Directors Report, Auditors Report etc. in electronic mode (hereinafter 'documents'), provided the Company has obtained email addresses of its members for sending these documents through email by giving an advance opportunity to every shareholder to register their email address and changes therein from time to time with the Company. Accordingly, shareholders holding shares in physical form, are requested to register their email addresses and changes therein from time to time, by directly sending the relevant email address along with details such as name, address, folio no., no. of shares held to the Registrars and Share Transfer Agents, M/s. MCS Ltd. In respect of shares held in electronic form, the email address along with DP ID/Client ID and other shareholder details as mentioned above, should be registered by the shareholders with their respective Depository Participants. Upon registration of the email address, the Company proposes to send notices and documents, in electronic form, to such shareholders.

Address for Correspondence

Registered Office

Money Matters Financial Services Limited
1-B, Court Chambers,
35, Sir Vithaldas Thackersey Marg,
New Marine Lines,
Mumbai-400020
Tel. No. (022) 43548200 / 66518011
Fax No. (022) 22019051

Corporate Office

Money Matters Financial Services Limited
Merchant Chambers, 4th Floor,
41, Sir Vithaldas Thackersey Marg,
New Marine Lines,
Mumbai-400020
Tel. No. (022) 40888100
Fax No. (022) 40888170

For redressal of complaints & grievances
Please write or contact:-

Mr. Harish Agrawal
Company Secretary & Compliance Officer
Money Matters Financial Services Ltd.
1-B, Court Chambers,
35, Sir Vithaldas Thackersey Marg,
New Marine Lines, Mumbai-400020.
Tel. No. (022) – 43548200
Email ID: investor.relation@money-matters.in

For any assistance regarding share transfer and transmission, change of address, non-receipt of dividend, duplicate/missing share certificates, demat and other matters please write to or contact Registrar & Share Transfer Agent of the Company at below mentioned address.

M/s. MCS Limited
Shri Kashiram Jamnadas Building
Ground Floor, Office No.21 & 22,
5,P. D. Mello Road, Ghadial Godi, Masjid (East),
Mumbai 400 009.
Tel: 022-2372623/55, 022-67439092
Telefax: 022-23726256/23726252
E-mail: mcspanvel@yahoo.co.in

For and on behalf of the Board

Rajesh Sharma
Chairman & Managing Director

Place: Srinagar

Date: May 19, 2012

DECLARATION REGARDING ADHERENCE TO THE CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all the Board Members and Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2012.

For Money Matters Financial Services Limited

Rajesh Sharma

Chairman & Managing Director

Place: Srinagar

Date: May 19, 2012

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

MONEY MATTERS FINANCIAL SERVICES LIMITED

1. We have examined the compliance of the conditions of Corporate Governance by Money Matters Financial Services Limited, for the financial year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the relevant Stock Exchanges (hereinafter referred to as 'Clause 49')
2. The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and representations made by the management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in Clause 49.
4. 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.

For and on behalf of
KARNAVAT & CO.
Chartered Accountants
Firm Regn. No. 104863W

(Shashikant Gupta)
Partner
Membership No. 045629

Place: Srinagar

Dated: 19th May, 2012

Auditors' Report

TO THE MEMBERS OF

MONEY MATTERS FINANCIAL SERVICES LIMITED

1. We have audited the attached Balance Sheet of **MONEY MATTERS FINANCIAL SERVICES LIMITED** as at **31st March, 2012**, the Statement of Profit and Loss and also Cash Flows 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 the management, as well as evaluating the overall presentation of the financial statements. 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 by the Companies (Auditor's Report Amendment) Order, 2004 issued by the 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 aforesaid Order.
4. Further to our comments in the Annexure referred to in Paragraph 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, the Statement of Profit and

Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

- iv) In our opinion, the Balance Sheet and the Statement of Profit and Loss dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid accounts read together with Significant Accounting Policies and other Notes on 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 **31st March 2012**; and
 - (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
 - (c) in case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

For and on behalf of
KARNAVAT & CO.
Chartered Accountants
Firm Regn. No. 104863W

(Shashikant Gupta)
Partner
Membership No. 045629

Place : Srinagar

Dated : 19th May 2012.

Auditors' Report

Annexure to the Auditors' Report

Referred to in Paragraph 3 of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a system of verifying all its major fixed assets over a period of three years which is, in our opinion, reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets have been physically verified by the management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts.
- (c) During the year, the Company has not disposed off any substantial /major part of fixed assets so as to affect the going concern status of the Company.
- (ii) (a) As per the information and explanation given to us by the management, the inventories of the Company mainly consists of Shares & Securities maintained in electronic (dematerialization) mode and hence no physical verification of inventories of the Company is required. In our opinion, sub-clause (ii)(a) and (ii)(b) of Paragraph 4 of the Order are not applicable to the Company.
- (b) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. No discrepancies have been noticed on verification between the stocks as per dematerialization mode and the book records.
- (iii) (a) The Company has granted interest free unsecured loan and advances in the nature of loan to five wholly owned subsidiary parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved together with balance due at the end of the previous year was ₹ 9064.51 lacs and the year end balance was ₹ 1829.54 lacs.
- (b) In our opinion and according to the information and explanations given to us the other terms and conditions of the loans given by the Company are not prima facie prejudicial to the interest of the Company.
- (c) The principal amounts are repayable on demand and there is no repayment schedule.
- (d) In respect of the said loans, the same are repayable on demand and therefore the question of overdue amounts does not arise.
- (e) The Company has not taken loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence provisions of paragraph 4(iii)(f) to 4(iii)(g) of the aforesaid Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for sale of services. During the course of our audit, we have not observed any major weakness in such internal controls.
- (v) Based on the audit procedures applied by us, and to the best of our knowledge and belief and according to the information and explanations given to us by the management, we are of the opinion that during the year no contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered into by the Company. Accordingly requirement of clause (v)(a) & (v)(b) of Paragraph 4 of the Order are not applicable to the Company.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public to which provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are applicable.

Auditors' Report

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| <p>(vii) In our opinion, the internal audit functions carried out during the year by a firm of independent Chartered Accountants appointed by the Management has been commensurate with the size of the Company and nature of its business.</p> <p>(viii) As per the information and explanations given to us by the management, maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 has not been prescribed by the Company Law Board and hence in our opinion the requirement of clause (viii) of Paragraph 4 of the Order is not applicable to the Company.</p> <p>(ix) (a) According to the information and explanations given to us by the management and according to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, service tax, wealth tax, and other applicable statutory dues.</p> <p>(b) According to the information and explanations given to us, no undisputed arrears of above statutory dues were outstanding, as at 31st March 2012, for a period of more than six months from the date they became payable.</p> <p>(x) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred any cash losses during the current financial year and in the immediately preceding financial year.</p> <p>(xi) According to the information and explanations given to us, the Company has not defaulted in repayment of its dues to banks.</p> <p>(xii) Based on our examination of documents and records and according to the explanations given to us by the management we are of the opinion that the Company has maintained adequate documents and records in cases where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> | <p>(xiii) As per the information and explanations given to us by the management, the Company is not a Chit Fund or a Nidhi Company. Hence in our opinion, the provisions of any special statute as specified under Clause (xiii) of Paragraph 4 of the Order are not applicable to the Company.</p> <p>(xiv) As per the information and explanations given to us by the management and based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. We also report that the Company has held all the shares, securities, and other investments in its own name except to the extent of exemption under section 49 of the Companies Act, 1956.</p> <p>(xv) The Company has not given any guarantee for loans taken by others from Bank or financial institution, and accordingly requirement of Paragraph 4(xv) of the aforesaid Order are not applicable to the Company.</p> <p>(xvi) In our opinion and according to the information and explanations given to us by the management, the Company has not availed of any term loan during the year.</p> <p>(xvii) According to the Cash Flow Statement and the Balance Sheet, and according to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we are of the opinion that no funds raised on short term basis have, prima-facie, been used for long term investments. No long-term funds have been used to finance short-term assets except permanent working capital.</p> <p>(xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of The Companies Act, 1956 and therefore, in our opinion clause (xviii) of Paragraph 4 of the Order is not applicable.</p> |
|--|---|

Auditors' Report

- (xix) During the period covered by our audit report, the Company has not issued debentures and therefore clause (xix) of Paragraph 4 of the Order is not applicable.
- (xx) During the period covered by our audit report, the Company has not raised money by way of public issues except by conversion of warrants into equity shares as per terms and conditions of warrants issued in the earlier year.
- (xxi) Based upon the audit procedures performed and as per information and explanations given to us by the management, we report that no fraud on

or by the Company has been noticed or reported during the year.

For and on behalf of
KARNAVAT & CO.
 Chartered Accountants
 Firm Regn. No 104863W

(Shashikant Gupta)
 Partner
 Membership No. 045629

Place : Srinagar

Dated : 19th May 2012.

Balance Sheet

as at 31st March, 2012

	Notes	As At 31-03-2012	(₹ In Lacs) As At 31-03-2011
I. EQUITY AND LIABILITIES			
1 Shareholders' Fund			
Share Capital	2	3,488.76	3,486.85
Reserves and Surplus	3	77,471.43	73,964.35
		80,960.19	77,451.20
2 Non-Current Liabilities			
Deferred Tax Liabilities (Net)	4	2.15	0.85
Long Term Provisions	5	13.47	11.56
		15.62	12.41
3 Current Liabilities			
Short Term Borrowings	6	-	14.34
Other Current Liabilities	7	166.24	43.11
Short Term Provisions	8	1,338.33	381.96
		1,504.57	439.41
Total		82,480.38	77,903.02
II. ASSETS			
1 Non Current Assets			
Fixed Assets			
Tangible Assets	9	375.67	335.07
Intangible Assets	9	8.62	9.81
		384.29	344.88
Non Current Investments	10	5,649.32	5,649.32
Other Bank Balances	11	512.12	2,450.00
Long Term Loans and Advances	12	20,014.03	5,211.88
Other Non-Current Assets	13	307.34	137.87
		26,482.81	13,449.07
2 Current Assets			
Current Investments	14	-	4,000.00
Inventories	15	18,429.76	24,432.31
Trade Receivables	16	238.24	306.58
Cash and Bank Balances	17	16,695.58	18,361.38
Short Term Loans and Advances	12	19,937.91	16,725.52
Other Current Assets	13	311.79	283.28
		55,613.28	64,109.07
Total		82,480.38	77,903.02
Significant Accounting Policies	1		

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

As per our report of even date attached

For and on behalf of

KARNAVAT & CO.

Chartered Accountants

Firm Regn. No. 104863W

For and on behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Beni Prasad Rauka
Director

Shashikant Gupta
Partner
Membership No. 045629

Ashok Agarwal
Sr. Vice President Finance & Accounts

Harish Agrawal
Vice President & Company Secretary

Place: Srinagar
Date: 19th May 2012

Place: Srinagar
Date: 19th May 2012

Statement of Profit and Loss

For the year ended 31st March, 2012

	Notes	Year Ended 31-03-2012	(₹ In Lacs) Year Ended 31-03-2011
I. INCOME			
Revenue from Operations	18	57,150.98	48,632.74
Other Income	19	70.16	46.37
Total Revenue		57,221.14	48,679.11
II. EXPENSES			
Purchases of Traded Goods	20	42,247.18	44,618.70
Changes in Inventories of Traded Goods	21	6,002.55	(12,331.05)
Employee Benefit Expenses	22	1,752.53	1,710.59
Finance Costs	23	18.02	811.03
Depreciation and Amortization Expenses	24	99.74	65.34
Other Expenses	25	1,163.07	1,321.11
Total Expenses		51,283.09	36,195.72
III. Profit before Exceptional Items and Tax		5,938.05	12,483.39
Less: Exceptional Items			
Loss on sale of investments in Joint Venture		-	49.95
Share of net loss on termination of Joint Venture		-	22.36
IV. Profit before Tax		5,938.05	12,411.08
Less: Tax Expenses			
Current Tax		1,910.00	3,980.00
Deferred Tax		1.29	4.75
Earlier years adjustments		-	(0.09)
		1,911.29	3,984.66
V. Profit for the year		4,026.76	8,426.43
VI. Earnings per Equity Share Before Exceptional Items			
(Nominal Value of share ₹ 10/- each)	31		
Basic (₹)		11.55	27.49
Diluted (₹)		11.27	24.14
Earnings per Equity Share After Exceptional Items			
(Nominal Value of share ₹ 10/- each)	31		
Basic (₹)		11.55	27.26
Diluted (₹)		11.27	23.93
Significant Accounting Policies	1		

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

As per our report of even date attached

For and on behalf of

KARNAVAT & CO.

Chartered Accountants
Firm Regn. No. 104863W

Shashikant Gupta

Partner

Membership No. 045629

Place: Srinagar

Date: 19th May 2012

For and on behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Ashok Agarwal
Sr. Vice President Finance & Accounts

Place: Srinagar
Date: 19th May 2012

Beni Prasad Rauka
Director

Harish Agrawal
Vice President & Company Secretary

Cash Flow Statement

For the year ended March 31, 2012

	(₹ In Lacs)	
Particulars	31-Mar-12	31-Mar-11
(A) Cash Flow From Operating Activities and Exceptional Items		
Profit Before Taxation	5,938.05	12,411.08
Add:		
Depreciation	99.74	65.34
Stock Options Adjustment	(132.39)	119.35
Loss on sale of Fixed Assets	4.87	-
Provision for Standard Assets	97.12	-
Less:		
Rent Received	-	(46.37)
Operating Profit	6,007.38	12,549.40
Add : Exceptional Item		
Loss on sale of investments in joint venture	-	49.95
Share of net loss on termination of Joint Venture	-	22.36
Operating Profit before working capital changes	6,007.38	12,621.71
Movements in Working Capital		
(Increase)/Decrease in Sundry Debtors	292.98	340.69
(Increase)/Decrease in Stock-in-trade	6,002.55	(12,331.05)
(Increase)/Decrease in Loans & Advances	(18,473.10)	(14,017.96)
Increase/(Decrease) in Current Liabilities	674.04	(438.31)
Increase/(Decrease) in Provisions	1.91	6.46
Cash Flow from Operating Activities	(5,494.24)	(13,818.46)
Less:		
Direct Taxes Paid	(1,971.19)	(4,017.18)
Income Tax Adjustment of earlier years	-	0.09
Net Cash (Used in) Operating Activities (A)	(7,465.43)	(17,835.55)
(B) Cash Flow From Investing Activities		
Purchase of Fixed Assets	(148.86)	(226.33)
Sale of Fixed Assets	4.84	-
Share of net loss in Joint Venture	-	(22.36)
Rent Received	-	46.37
(Increase)/Decrease in Investments	4,000.00	(5,844.23)
Net Cash Flow (Used in) Investing Activities (B)	3,855.98	(6,046.55)

Cash Flow Statement

For the year ended March 31, 2012

	(₹ In Lacs)	
Particulars	31-Mar-12	31-Mar-11
(C) Cash Flow From Financing Activities		
Increase/(Decrease) in Secured Borrowings	(14.34)	14.33
Dividend Paid	-	(713.37)
Tax on Dividend	-	(118.48)
Increase in Share Capital	1.91	711.72
Increase in Share Premium (Net of Share Issue Expenses Adjusted)	18.20	42,210.78
Net Cash Flow Generated From Financing Activities (C)	5.77	42,104.98
Net Increase/(Decrease) in Cash & Bank Balances (A+B+C)	(3,603.68)	18,222.88
Cash & Bank Balance at the beginning	20,811.38	2,588.50
Cash & Bank Balance at the end	17,207.70	20,811.38
Net Increase/(Decrease) in Cash & Cash Equivalents	(3,603.68)	18,222.88
Notes:		
1. Cash and Bank Balance		
A. Cash and Cash equivalents		
Cash in hand	-	0.73
Cash with CBI (Seized)	-	12.12
Foreign Currency with CBI (Seized)	-	2.15
Balance with banks:		
In Current Accounts	3,101.69	396.38
Deposits with original maturity of less than three months	-	-
(A)	3,101.69	411.38
B. Other Bank Balances		
Deposits with original maturity of more than 3 months	14,106.01	20,400.00
(B)	14,106.01	20,400.00
Total (A+B)	17,207.70	20,811.38
2. Cash flows arising on account of taxes on income are not specifically bifurcated with respect to investing & financing activities.		
3. Previous year's figures have been regrouped, wherever necessary to confirm to current year's classification.		
4. Figures in brackets represent outflows.		

As per our report of even date attached

For and on behalf of

KARNAVAT & CO.

Chartered Accountants

Firm Regn. No. 104863W

Shashikant Gupta

Partner

Membership No. 045629

Place: Srinagar

Date: 19th May 2012

For and on behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Ashok Agarwal
Sr. Vice President Finance & Accounts

Place: Srinagar
Date: 19th May 2012

Beni Prasad Rauka
Director

Harish Agrawal
Vice President & Company Secretary

Notes to Financial Statements

for the year ended 31 March, 2012

1. Significant Accounting Policies

1.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

1.2 Change in Accounting Policy

Presentation and Disclosure of Financial Statement

During the year ended 31-03-2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.3 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about

these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

1.4 Tangible Fixed Assets

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

1.5 Depreciation on Tangible Fixed Assets

Depreciation on tangible fixed assets is provided on a written down value basis from the date the asset is ready to use or put to use, whichever is earlier at the rates prescribed in the Schedule XIV to the Companies Act 1956. In respect of assets sold, depreciation is provided upto the date of disposal.

1.6 Intangible Assets

Intangible Assets are stated at cost less accumulated amortisation and impairment losses, if any. The cost of intangible assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Intangible assets are amortized over the useful life on prorata basis under the straight line method as estimated by the management, which is generally between three to five years.

1.7 Leases

Where the Company is lessee

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

1.8 Impairment of Tangible and Intangible Assets

The carrying amount of assets is 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

Notes to Financial Statements

for the year ended 31 March, 2012

recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

1.9 Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements 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. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

In accordance with the Note No. 1 of Revised Schedule VI to the Companies Act, 1956, the portion of the Long Term Investments classified above, and expected to be realised within 12 months of the reporting date, have been classified as current investments.

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

Investment in Property

An investment in land or buildings, which is not

intended to be occupied substantially for use by, or in the operations of, the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on building component of investment property is calculated on written down value basis using the rate arrived at based on the useful life estimated by the management, or that prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the depreciation rate of 5%.

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

1.10 Inventories

The securities acquired with the intention of trading are considered as stock-in-trade and disclosed as current assets. The securities held as stock-in-trade under current assets are valued at lower of cost or market value. In case of units of mutual fund, net asset value of units declared by the mutual funds is considered as market value.

1.11 Revenue Recognition

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. The following specific recognition criteria are met before revenue is recognized:

a) Income from Advisory Services

Income from Advisory Services are accounted for as and when the relevant services are rendered and revenue is recognised using completed service contract method except where the recovery is uncertain in which case it is accounted for on receipt.

Notes to Financial Statements

for the year ended 31 March, 2012

b) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Revenue from Operations" in the statement of profit and loss.

c) Dividends

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

d) Profit/ Loss on sale of Investments/ Inventories

Profit/loss on the sale of investments/ inventories is dealt with at the time of actual sale/redemption.

1.12 Foreign Currency Translation

a) Foreign Currency Transactions and Balances

(i) Initial recognition

Foreign Currency Transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Exchange differences, if any, arising out of transactions settled during the year are recognised in the statement of profit and loss.

(ii) Conversion

Monetary assets and liabilities denominated in the foreign currencies as at the Balance Sheet date are translated at the closing exchange rates on that date. The exchange differences, if any, are recognised in the statement of profit & loss and related assets and liabilities are accordingly restated in the Balance Sheet.

1.13 Retirement and other employee benefits

The Company has adopted the revised Accounting Standard 15 – "Accounting for Employee Benefits". The accounting policy followed by the Company in respect of its employee benefit schemes is set out below:

Gratuity

From the current financial year, the Company has funded (upto previous year unfunded) Defined Benefit Obligation Plan for gratuity to its employees, who have completed five years or more of service, under the group gratuity scheme of Life Insurance Corporation (LIC) of India. The Company has created planned assets by contribution to the gratuity fund with LIC of India.

Leave Encashment

Unutilised leave of staff is paid as at the end of the year. Accordingly, no provision is required to be made for compensated absences.

1.14 Income Taxes

Income tax expenses comprises of current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) & the deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

Deferred Taxation

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantially enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

1.15 Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by

Notes to Financial Statements

for the year ended 31 March, 2012

ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis

1.16 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earning per Share” prescribed by the Companies (Accounting Standards) Rules, 2006.

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. Partly paid equity shares are treated as fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The Weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

1.17 Segment Reporting Policies

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Unallocated items

Unallocated items include income and expenses which are not allocated to any business segment.

Segment Policies

The Company prepares its segment information in conformity with the accounting policies for preparing and presenting the financial statements of the Company as a whole.

1.18 Provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amounts of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

1.19 Contingent Liabilities / Assets

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

Contingent assets are not recognised in the financial statements. However contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, asset and related income are recognised in the period in which the change occurs.

1.20 Cash and Cash Equivalents

Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less, as per Accounting Standard 3 "Cash Flows".

Notes to Financial Statements

for the year ended 31 March, 2012

	(₹ In Lacs)	
	31-03-2012	31-03-2011
2. Share Capital		
Authorized Shares		
5,50,00,000 (31 March 2011: 5,50,00,000) Equity Shares of ₹ 10/- each	5,500.00	5,500.00
	5,500.00	5,500.00
Issued, Subscribed and Fully paid up Shares		
3,48,87,559 (31 March 2011: 3,48,68,458) Equity Shares of ₹ 10/- each fully paid up	3,488.76	3,486.85
Total	3,488.76	3,486.85

2.1 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

Equity Shares:	31-03-2012		31-03-2011	
	Nos.	₹ In Lacs	Nos.	₹ In Lacs
At the beginning of the period	34,868,458	3,486.85	27,751,305	2,775.13
Issued during the period - QIP	-	-	7,117,153	711.72
Issued during the period - Warrant Conversion	8,401	0.84	-	-
Issued during the period - ESOP	10,700	1.07	-	-
Outstanding at the end of the period	34,887,559	3,488.76	34,868,458	3,486.85

2.2 Terms/Rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 1.00/- (31 March 2011 ₹ 1.25/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be proportional to the number of equity shares held by the shareholders.

There are 37,26,086 (31 March 2011: 37,34,487) warrants outstanding as at the end of the year. The warrant holders at their option can convert the warrants into equity shares in the ratio of 1:1 as per the Warrant Exercise Price. The 4th conversion period of warrants will begin from December 27, 2012 and will close on March 26, 2013 and 5th Conversion period of warrants will begin from December 27, 2013 and will close on March 26, 2014. Warrant Exercise Price shall be calculated as 20% discount to the Market Price subject to a minimum of ₹ 10/- and the Market Price shall be the higher of the following:

- The average price of the Equity shares of the Company computed as the average of the weekly high and low of the closing prices of the shares of the Company during the six months immediately preceding the month in which the exercise price is announced; or
- Average of the weekly high and low of the closing prices of the related shares during the two weeks preceding the month in which the exercise price is announced.

2.3 Details of shareholders holding more than 5% share in the Company

Equity Shares of ₹ 10/- each fully paid up:	31-03-2012		31-03-2011	
Name of Shareholder	Nos.	%	Nos.	%
Money Matters India Private Limited	11,597,838	33.24	9,871,453	28.31
Mr. Rajesh Sharma	8,971,159	25.71	8,971,159	25.73
Gainful Multitrade Private Limited	2,033,706	5.83	2,033,706	5.83
Roopam Multitrade Private Limited	1,950,000	5.59	1,950,000	5.59

Notes to Financial Statements

for the year ended 31 March, 2012

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

	(₹ In Lacs)	
	31-03-2012	31-03-2011
3. Reserve and Surplus		
3.1 Securities premium account		
Balance as per the last financial statements	44,542.49	2,331.71
Add: Premium on issue of Equity to QIB	-	43,788.29
Add: Additions on ESOPs exercised	12.52	-
Add: Additions on Warrant Conversion	5.67	-
	44,560.68	46,120.00
Less: Share Issue Expenses	-	1,577.51
Closing Balance	44,560.68	44,542.49
3.2 Employee stock options outstanding (Refer note no. 27)		
Employee Stock Options Outstanding	130.28	687.08
Less: Deferred employee stock compensation	67.17	491.57
Closing Balance	63.11	195.51
3.3 General Reserve		
Balance as per the last financial statements	1,700.00	1,200.00
Add: Amount transferred from surplus balance in the statement of profit and loss	225.00	500.00
Closing Balance	1,925.00	1,700.00
3.4 Surplus / (Deficit) in the statement of profit and loss		
Balance as per the last financial statements	21,326.35	15,708.17
Profit for the year:	4,026.76	8,426.43
Less: Appropriations		
Proposed Dividend (Amount per share ₹ 1.00)	348.88	-
Tax on Proposed Dividend	56.60	-
Interim Dividend	-	435.86
Tax on Interim Dividend	-	72.39
Transfer to reserve fund under Section 45 I C(1) of Reserve Bank of India Act, 1934	810.00	1,800.00
Transfer to general reserve	225.00	500.00
Net surplus in the statement of profit and loss	23,912.64	21,326.35
3.5 Reserve Fund as per Section 45 I C(1) of Reserve Bank of India Act, 1934		
Balance as per the last financial statements	6,200.00	4,400.00
Add: Amount transferred from surplus balance in the statement of profit and loss	810.00	1,800.00
Closing Balance	7,010.00	6,200.00
Total Reserves and Surplus	77,471.43	73,964.35
4. Deferred Tax Liabilities (Net)		
(Disclosure as per AS-22 "Accounting for Taxes on Income")		
Deferred Tax Liabilities		
Excess of WDV of the assets as per Financial Books over the WDV as per Income Tax Act, 1961.	2.15	4.60
Gross Deferred Tax Liabilities (A)	2.15	4.60

Notes to Financial Statements

for the year ended 31 March, 2012

	(₹ In Lacs)	
	31-03-2012	31-03-2011
Deferred Tax Assets		
Timing difference on account of :		
Expenses disallowed under Section 43B of Income Tax Act, 1961	-	3.75
Gross Deferred Tax Assets (B)	-	3.75
Deferred Tax Liabilities (Net) (A - B)	2.15	0.85
5. Long-term Provisions		
Provisions for employees benefits		
Provision for gratuity (Note No. 26)	13.47	11.56
Total	13.47	11.56
6. Short Term Borrowings		
Loans repayable on demand (Secured)		
From Banks		
Overdraft	-	14.34
Total	-	14.34
Note:		
a) Rate of Interest 8.50% p.a.		
b) Nature of Security: Fixed Deposits of ₹ 29.50 Lacs (31 March 2011: ₹ 450 Lacs) are offered as security against overdraft facility.		
7. Other Current Liabilities:		
Interest Received in Advance	11.93	-
Other Payables		
Margin Money Received	138.00	-
Service Tax payable	-	20.77
Sundry Creditors for expenses	5.92	6.66
Audit fees payable	6.32	5.79
TDS payable	4.06	9.89
Total	166.24	43.11
8. Short Term Provisions		
8.1 Provisions for employee benefits:		
Salary and Reimbursements	-	18.65
Bonus	914.00	350.00
Contribution to PF	-	3.00
8.2 Others:		
Proposed Dividend	348.88	-
Provision for Dividend Distribution Tax	56.60	-
Provision for expenses	18.87	10.31
Total	1,338.33	381.96

Notes to Financial Statements

for the year ended 31 March, 2012

9. Fixed Assets

Rate of Depreciation	GROSS BLOCK			DEPRECIATION / AMORTIZATION			NET BLOCK	
	Cost as at 01.04.2011	Additions	Disposals/ Other Adjustments	Cost as at 31.03.2012	As at 01.04.2011	For the year	As at 31.03.2012	As at 31.03.2011
						on Disposals		
9.1 Tangible Assets								
Buildings	48.52	-	-	48.52	2.50	2.30	43.72	46.02
Computers	106.30	10.75	14.65	102.40	40.68	28.48	41.18	65.62
Furniture and Fixtures	127.98	6.09	2.18	131.89	22.49	19.26	90.67	105.49
Office Equipments	61.88	2.51	1.78	62.61	10.17	7.24	45.63	51.71
Electric Installation	29.08	-	-	29.08	5.35	3.30	20.43	23.73
Vehicles	58.65	126.07	-	184.72	16.15	34.53	134.04	42.50
Current Year	432.41	145.42	18.61	559.22	97.34	95.11	375.67	335.07
Previous Year	219.38	213.03	-	432.41	35.50	61.85	335.07	183.88
9.2 Intangible Assets								
Softwares	13.31	3.44	-	16.75	3.49	4.63	8.62	9.81
Current Year	13.31	3.44	-	16.75	3.49	4.63	8.62	9.81
Previous Year	-	13.31	-	13.31	-	3.49	9.81	-

Notes :

- Softwares are amortized on pro-rata basis using straight line method over the useful life estimated by the management which is three years.
- Amortization of software ;

Year of Acquisition	Cost	Amortized		Balance to be amortized	
		No. of years	Amount	No. of years	Amount
2010-11	13.31	2	7.94	1	5.37
2011-12	3.44	1	0.19	2	3.25
Total	16.75		8.13		8.62

Notes to Financial Statements

for the year ended 31 March, 2012

	(₹ In Lacs)	
	31-03-2012	31-03-2011
10. Non Current Investments		
10.1 Trade Investments, Unquoted (valued at cost unless stated otherwise)		
Investment in equity shares of Subsidiaries:		
2,50,00,000 (31 March 2011: 2,50,00,000) Equity Share of ₹ 10/- each fully paid up of Money Matters Securities Private Limited	2,500.00	2,500.00
50,00,000 (31 March 2011: 50,00,000) Equity Share of ₹ 10/- each fully paid up of Money Matters Investment Advisors Private Limited	500.00	500.00
50,00,000 (31 March 2011: 50,00,000) Equity Share of ₹ 10/- each fully paid up of Money Matters Distribution Company Private Limited	500.00	500.00
25,00,000 (31 March 2011: 25,00,000) Equity Share of ₹ 10/- each fully paid up of Money Matters Capital Private Limited	250.00	250.00
50,000 (31 March 2011: 50,000) Equity Share of ₹ 10/- each fully paid up of Money Matters Resources Private Limited	5.00	5.00
10,000 (31 March 2011: 10,000) Equity Share of ₹ 10/- each fully paid up of Money Matters Research Private Limited	1.00	1.00
Sub - Total	3,756.00	3,756.00
10.2 Non-trade Investments, Unquoted (valued at cost unless stated otherwise)		
Investment in Equity Instruments		
3,72,279 (1,24,093) Equity Shares of ₹ 10/- each fully paid up of Credit Analysis & Research Limited	1,893.32	1,893.32
Sub - Total	1,893.32	1,893.32
Total	5,649.32	5,649.32
Aggregate amount of Unquoted Investments	5,649.32	5,649.32
11. Other Bank Balances		
Fixed Deposits with original maturity for more than 12 months	512.12	2,450.00
Total	512.12	2,450.00
Note: Fixed Deposits of ₹ Nil (31 March 2011: ₹ 450 Lacs) have been pledged as security for overdraft facility from bank.		

	Non-Current		Current	
	31-03-2012	31-03-2011	31-03-2012	31-03-2011
12. Loans and Advances				
12.1 Capital Advances				
Unsecured, considered good	1,145.64	1,102.88	-	48.44
Sub - Total	1,145.64	1,102.88	-	48.44
12.2 Security Deposit				
Unsecured, considered good	38.73	12.32	-	-
Sub - Total	38.73	12.32	-	-

Notes to Financial Statements

for the year ended 31 March, 2012

(₹ In Lacs)

	Non-Current		Current	
	31-03-2012	31-03-2011	31-03-2012	31-03-2011
12.3 Loans & Advances to related parties				
Unsecured, considered good	-	-	1,829.54	9,047.83
(Refer Note No 29)				
Sub - Total	-	-	1,829.54	9,047.83
12.4 Other Loans and Advances				
Advance Income Tax (Net of provision for taxation)	139.75	78.57	-	-
Other Advances	13.41	-	4.85	9.87
Prepaid Expenses	0.29	16.16	10.58	-
Loans to Employees				
Less than 12 months	-	-	7.10	-
More than 12 months	3.39	1.95	-	-
Current maturities of more than 12 months	-	-	12.18	6.04
Advances Recoverable in cash or kind (Secured, Considered good)	18,719.62	4,000.00	18,123.98	7,613.34
	18,876.46	4,096.68	18,158.69	7,629.25
Less: Statutory Provision on Standard Assets as per RBI directions	(46.80)	-	(50.32)	-
Sub - Total	18,829.66	4,096.68	18,108.37	7,629.25
Total	20,014.03	5,211.88	19,937.91	16,725.52
Note : Advance Income Tax is net of provision for tax ₹ 16,935 Lacs (31 March 2011 ₹ 15,025 Lacs)				
Loans and advances to related parties includes				
Amount due from Companies in which the Company's Director is a shareholder	-	-	-	-
13. Other Assets				
Interest accrued but not due	307.34	137.87	227.05	275.88
Inventory of Gift Items	-	-	70.12	-
Service Tax Receivables	-	-	14.62	7.40
Total	307.34	137.87	311.79	283.28

Notes to Financial Statements

for the year ended 31 March, 2012

	(₹ In Lacs)	
	31-03-20 12	31-03-2011
14. Current Investments		
Unquoted		
(Valued at lower of cost and fair value unless stated otherwise)		
In Mutual Fund Units		
Nil (3,783,043 Units) of ICICI Flexible Income Plan - (Dividend)	-	4,000.00
Total	-	4,000.00
Aggregate amount of unquoted investments ₹ Nil (31 March 2011 ₹ 4,000 Lacs)		
15. Inventories		
(valued at lower of cost and net realisable value)		
Traded Goods		
i) Government Bonds		
250 (31 March 2011: 250) Units of G-Sec 2034 August 7.5% Bonds	2,199.75	2,285.13
50 (31 March 2011: 50) Units of 8.26% GOI 2027 Bonds	482.25	492.85
ii) Other Bonds		
3 (31 March 2011: 3) Units of JP Associates Ltd July 2014 11.75% Bonds	30.00	30.33
1,69,137 (31 March 2011: 1,69,137) Units of Shriram Transport Finance Ltd-NCD 9.75% 2015	1,649.09	1,676.09
Nil (31 March 2011: 100) Units of 11.25% Essar Power Ltd 2018	-	954.50
Nil (31 March 2011: 40,000) Units of 9.95% SBI (Lower II Bond)	-	4,152.71
100,867 (31 March 2011: Nil) Units of 11.85% Shriram City Union Finance Ltd	998.58	-
500 (31 March 2011: 500) Units of 8.95% Infotel Broadband Services Ltd	4,768.68	4,927.65
200 (31 March 2011: Nil) Units of 9.65% Tourism Finance Corporation of India Ltd.	2,000.00	-
iii) Certificate of Deposit with Banks		
Nil (10,000) 0% Central Bank of India CD 02-05-2011	-	9,913.05
iv) Mutual Funds		
570,971.20 Units (31 March 2011: Nil) of ICICI Prudential Sweep Plan Cash Option (Growth)	846.53	-
42,446.20 Units (31 March 2011: Nil) of Union KBC Liquid Fund	454.88	-
21,652,145.30 Units (31 March 2011: Nil) of Peerless Mutual Liquid Fund Super Institutional Plan	2,500.00	-
9,713,792.81 Units (31 March 2011: Nil) of Reliance Liquid Fund - TP-IP	2,500.00	-
Total	18,429.76	24,432.31
16. Trade receivables:		
Unsecured, considered good		
Outstanding for a period exceeding six months	1.47	188.94
Outstanding for a period less than six months	236.77	117.64
Total	238.24	306.58

Notes to Financial Statements

for the year ended 31 March, 2012

		(₹ In Lacs)	
		31-03-2012	31-03-2011
17. Cash and Bank Balances			
17.1 Cash and Cash equivalents			
Cash in hand	-	0.73	
Cash with CBI (Seized) (Refer Note No. 17(ii))	-	12.12	
Foreign Currency with CBI (Seized) (Refer Note No. 17(i))	-	2.15	
Balance with banks:			
In Current Accounts	3,101.69	396.38	
Fixed Deposits with original maturity of less than three months	-	5,000.00	
Sub - Total	3,101.69	5,411.38	
17.2 Other Bank Balances			
Fixed Deposits with original maturity of more than 3 months but less than 12 months	11,460.59	12,500.00	
Current maturities of fixed deposits with original maturity of more than 12 months	2,133.30	450.00	
Sub - Total	13,593.89	12,950.00	
Total	16,695.58	18,361.38	

Note:

- 17(i) Cash & foreign currency seized by Central Bureau of Investigation in the previous year has been released during the current year.
- 17(ii) Fixed Deposits of ₹ 29.50 Lacs (31 March 2011: ₹ NIL) have been pledged as security for overdraft facility from bank.

Notes to Financial Statements

for the year ended 31 March, 2012

		(₹ In Lacs)	
		For the year ended 31-03-2012	For the year ended 31-03-2011
18. Revenue from Operations			
18.1 Interest Income			
Interest on Loans given		3,909.14	367.04
Interest on Bonds/ Application Money for Bonds		1,354.21	705.57
Interest on Bank Deposits		1,668.05	1,915.06
Sub - Total		6,931.40	2,987.67
18.2 Revenue From Financial Services			
Fees from Advisory Services		92.71	12,714.01
Loan Processing Fees Received		700.95	155.00
Sub - Total		793.66	12,869.01
18.3 Sale of Traded Goods (Refer note no. 18(ii))			
Sale of Government & Corporate Bonds		38,277.70	32,284.89
Sale of Mutual Funds		9,972.21	-
Sub - Total		48,249.91	32,284.89
18.4 Other Operating Income			
Dividend on Current Investments		17.55	491.17
Dividend on Long Term Investments		45.29	-
Net gain on sale of current investments		1,113.17	-
Sub - Total		1,176.01	491.17
Total Revenue from Operations		57,150.98	48,632.74
Note			
18(i) Details of Traded Goods			
Government Securities		11,072.75	1,492.70
Commercial Papers		2,500.00	9,971.41
Corporate Bonds		24,704.95	20,820.78
Mutual Funds		9,972.21	-
Total		48,249.91	32,284.89
19. Other Income			
Other non-operating income			
Rent Received		-	46.37
Foreign Exchange Gain		0.05	-
Prior Period Items		70.11	-
Total		70.16	46.37

Notes to Financial Statements

for the year ended 31 March, 2012

		(₹ In Lacs)	
		For the year ended 31-03-2012	For the year ended 31-03-2011
20. Purchase of Traded Goods (Refer note no. 20(ii))			
Government & Corporate Bonds		26,040.68	44,618.70
Purchase of Mutual Funds		16,206.50	-
Total		42,247.18	44,618.70
Note			
20(i) Details of Traded Goods			
Government Securities		11,059.54	1,977.20
Commercial Papers		2,426.60	9,938.73
Corporate Bonds		12,554.54	32,702.77
Mutual Funds		16,206.50	-
Total		42,247.18	44,618.70
	31-03-2012	31-03-2011	(Increase)/ Decrease
21. Changes in Inventories of Traded Goods			
21.1 Details at the end of the year			
Government Securities	2,682.00	2,777.98	(95.98)
Corporate Bonds	9,446.34	21,654.33	(12,207.99)
Mutual Funds	6,301.42	-	6,301.42
Total	18,429.76	24,432.31	(6,002.55)
21.2 Details at the beginning of the year			
Government Securities	2,777.98	2,330.58	447.40
Corporate Bonds	21,654.33	9,770.68	11,883.65
Total	24,432.31	12,101.26	12,331.05
	31-03-2012	31-03-2011	
22. Employee Benefit Expenses			
Salaries, Wages and Bonus	1,795.27	1,488.58	
Contribution to Provident Fund	21.27	34.81	
Employees Stock Option Scheme Expenses	35.87	168.81	
Reversal of ESOP Expenses on lapsed options	(155.74)	(49.47)	
Gratuity Expenses (Note No. 26)	1.91	6.46	
Staff Welfare Expenses	53.95	61.40	
Total	1,752.53	1,710.59	

Notes to Financial Statements

for the year ended 31 March, 2012

	(₹ In Lacs)	
	For the year ended 31-03-2012	For the year ended 31-03-2011
23. Finance Costs		
Interest	18.02	811.03
Total	18.02	811.03
24. Depreciation and Amortization Expenses		
Depreciation of Tangible Assets	95.11	61.85
Amortization of Intangible Assets	4.63	3.49
Total	99.74	65.34
25. Other Expenses		
Advertisement Expenses	5.75	24.09
Bad Debts Written Off	301.62	-
Bank charges	7.69	56.56
Business Promotion Expenses	17.27	328.71
Computer Maintenance	9.22	4.25
Conveyance Expenses	3.26	9.47
Custodian Charges	1.00	1.31
Delivery/Brokerage Charges	-	0.19
Directors Sitting Fees	6.09	8.30
Donation	10.26	2.45
Electricity Charges	13.35	20.93
Foreign Exchange Loss	-	0.08
Foreign Travelling Expenses	0.25	21.51
General Expenses	17.86	57.74
Insurance Charges	0.96	-
Legal & Professional Fees	174.86	190.26
Listing Fees & Stock Exchange Fees	1.98	2.56
Loss On Sale Of Fixed Assets	4.87	-
Meeting & Conference Expenses	0.50	4.47
Membership & Subscription	3.36	17.53
Motor Car Expenses	43.74	55.42
Payment to Auditors (as per details given below)	6.10	7.19
Printing & Stationery	11.39	22.62
Prior Period Items	-	1.08
Postage & Stamps	2.09	2.52
Rates & Taxes	0.15	1.30
Recruitment & Training Expenses	26.22	21.11
Rent Paid	302.83	310.72
Software Expenses	3.31	1.53
Statutory Provision for Standard Assets	97.12	-
Telephone and Internet Expenses	21.35	28.94
Travelling Expenses	68.62	118.27
Total	1,163.07	1,321.11

Notes to Financial Statements

for the year ended 31 March, 2012

	(₹ In Lacs)	
	For the year ended 31-03-2012	For the year ended 31-03-2011
Payment to Auditors Include		
As Auditor		
Statutory Audit Fees	3.30	4.10
Tax Audit Fees	0.50	0.50
Limited Review	1.15	1.15
In Other capacity		
Taxation Matters	0.60	-
Certification fees	0.55	0.30
Reimbursement of Expenses	-	1.14
Total	6.10	7.19

26. Retirement Benefit - Gratuity (AS -15)

From the current financial year, the Company has funded (upto previous year unfunded) Defined Benefit Obligation Plan for gratuity to its employees, who have completed five years or more of service, under the group gratuity scheme of Life Insurance Corporation (LIC) of India. The Company has created planned assets by contribution to the gratuity fund with LIC of India.

Consequent to the adoption of revised AS- 15 "Employee Benefits" issued under Companies (Accounting Standards) Amendment Rules, 2008, the following disclosures have been made as required by the standard.

A) Principal actuarial assumptions as at the Balance Sheet date:

Particulars	2011-12	2010-11
Discount Rate	8.00%	8.25%
Salary Escalation	5.00%	5.00%
Employee Attrition Rate	1.00% to 3.00%	2.00%

The following tables summarise the components of the net employee benefit expenses recognised in the Statement of Profit and Loss and the fund status and amount recognised in the Balance Sheet for the gratuity benefit plan.

B) Changes in the present value of the defined benefit obligation are as follows: (₹ In Lacs)

Particulars	2011-12	2010-11
Liability at the beginning of the Year	11.56	5.09
Interest Cost	0.92	1.10
Current Service Cost	4.54	8.67
Past Service Cost (non vested benefit)	-	-
Past Service Cost (vested benefit)	-	-
Benefits paid	-	-
Actuarial (Gain)/Loss	(3.55)	(3.31)
Liability at the end of the Year	13.47	11.56

Notes to Financial Statements

for the year ended 31 March, 2012

C) The major categories of plan assets are as follows:		
Particulars	2011-12	2010-11
Investments with LIC of India	13.41	NA
Actual return on plan assets	-	NA
D) Amount Recognized in Balance Sheet :		
Provision for Gratuity	2011-12	2010-11
Liability at the end of the Year	13.47	11.56
Fair Value of plan assets at the end of the year	13.41	-
Difference	(0.06)	11.56
Unrecognised past service cost	-	-
Unrecognised transition liability	-	-
Amount in Balance Sheet	(0.06)	11.56
E) Statement of Profit and Loss		
Net Employee Benefit Expenses (recognised in employee cost)	2011-12	2010-11
Current Service Cost	4.54	8.67
Interest on defined benefit obligation	0.92	1.10
Net actuarial losses/(gains) recognised in the year	3.55	(3.31)
Past Service Cost	-	-
Actuarial (gain)/losses	-	-
Total included in employee benefit expense	1.91	6.46

27. Employee Stock Option Plan

Date of grant	October 27, 2009	
Date of Board /Committee Approval	October 27, 2009	
Date of Shareholder's Approval	September 22, 2009	
Number of options granted	825,000	
Method of Settlement (Cash/Equity)	Equity	
	Vesting Dates	No. of Options
	1-Nov-2011	18,000
	1-Nov-2012	229,500
	1-Nov-2013	247,500
	1-Nov-2014	330,000
	Total	825,000
Exercisable period	Within 3 Years from the Vesting date	
The details have been summarized below:		

Grant Date : October 27, 2009

Notes to Financial Statements

for the year ended 31 March, 2012

Particulars	As At March 31, 2012		As At March 31, 2011	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	587,000	10	733,000	10
Add: Granted during the year	-	10	-	10
Less: Forfeited during the year	-	NA	-	NA
Less: Exercised during the year	10,700	NA	-	NA
Less: Expired/ Lapsed during the year	465,000	NA	146,000	NA
Outstanding at the end of the year	111,300	10	587,000	10
Exercisable at the end of the year	-	NA	-	NA
Weighted average remaining contractual life (in years)		4.5		5.5
Weighted average fair value of options granted		118.79		118.61

Stock Options Granted

The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Year 3	Year 4	Year 5
Exercise Price	₹ 10	₹ 10	₹ 10
Expected Volatility (%)	65.52%	65.52%	65.52%
Historical Volatility	NA	NA	NA
Life of the options granted in years	3	4	5
Expected dividends per annum (₹)	2	2	2
Average risk-free interest rate (%)	8.36%	8.36%	8.36%

Effect of the employee share-based payment plans on the Statement of Profit and Loss and on its financial position:
(₹ In lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Compensation cost pertaining to equity-settled employee share-based payment plan included above	63.11	195.51
Liability for employee stock options outstanding as at year end	130.28	687.08
Deferred compensation cost	67.17	491.57

Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

In March 2005, ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan, the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements applying the fair value based method defined in the said guidance note. The impact on the reported net profit and earnings per share would be as follows;

Notes to Financial Statements

for the year ended 31 March, 2012

Particulars	(₹ In lacs)	
	As at March 31, 2012	As at March 31, 2011
Profit as reported	4,026.76	8,426.43
Add: Employee stock compensation under intrinsic value method	(132.39)	(169.46)
Less: Employee stock compensation under fair value method	(134.05)	120.85
Proforma profit	4,028.42	8,136.11
Earnings per share		
Basic (₹)		
As reported	11.55	27.26
Proforma	11.55	26.32
Diluted (₹)		
As reported	11.27	27.49
Proforma	11.28	23.11

Note : During the year 465,000 options have lapsed. Hence the compensation charges booked earlier have been reversed during the year resulting in net effect being credit to the Statement of Profit & Loss.

28. Segment Reporting (AS - 17)

Basis of Preparation

Information is given in accordance with the requirements of Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India. Revenues and expenses directly attributable to the Segments are allocated to the respective segments. Those revenues and expenses which cannot be directly allocated to the Segments are apportioned on a reasonable basis. Segment Capital employed represents the net assets in that Segment. It excludes Capital reserve and tax related assets.

Business Segments

The Company's business is organized and management reviews the performance based on the business segments. The Company's business may be divided into three major Segments.

(A) Investment & Trading in Securities

(B) Financing Activity and

(C) Financial Advisory Services

Geographical Segments

The Company's operations are solely in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.

Notes to Financial Statements

for the year ended 31 March, 2012

INFORMATION ABOUT BUSINESS SEGMENT FOR THE PERIOD ENDED 31ST MARCH, 2012

					(₹ In Lacs)
Particulars	Investment & Trading in Securities	Financing Activity	Financial Advisory Services	Unallocated	Year Ended 31-03-2012
Segment Revenue	49,641.35	7,416.92	131.34	31.53	57,221.14
Previous Year	32,990.46	2,928.27	12,714.01	46.37	48,679.11
Less Inter segment Revenue	-	-	-	-	-
Previous Year	-	-	-	-	-
Total	49,641.35	7,416.92	131.34	31.53	57,221.14
Previous Year	32,990.46	2,928.27	12,714.01	46.37	48,679.11
Result:					
Segment Result	981.60	5,774.99	(577.28)	(241.27)	5,938.05
Previous Year	432.78	1,863.17	10,482.13	(366.99)	12,411.08
Provision for Tax	-	-	-	(1,910.00)	(1,910.00)
Previous Year	-	-	-	(3,980.00)	(3,980.00)
Deffered Tax	-	-	-	(1.29)	(1.29)
Previous Year	-	-	-	(4.75)	(4.75)
Income Tax Adjustments	-	-	-	-	-
Previous Year	-	-	-	0.09	0.09
Total Results	981.60	5,774.99	(577.28)	(2,152.56)	4,026.76
Previous Year	432.78	1,863.17	10,482.13	(4,351.65)	8,426.43
Capital Employed:					
Segment Assets	24,086.59	52,720.70	13.60	4,139.30	80,960.19
Previous Year	26,627.07	45,224.62	1,639.26	3,975.44	77,466.39
Segment Liabilities	-	-	-	-	-
Previous Year	-	14.34	-	0.85	15.19
Net Segment Assets	24,086.59	52,720.70	13.60	4,139.30	80,960.19
Previous Year	26,627.07	45,210.28	1,639.26	3,974.59	77,451.20
Other Information:					
Capital Expenditure	23.79	125.07	-	-	148.86
Previous Year	18.82	18.83	188.69	-	226.34
Depreciation	17.48	62.89	17.07	2.30	99.74
Previous Year	9.09	9.09	47.16	-	65.34

Notes to Financial Statements

for the year ended 31 March, 2012

29. Disclosures as required by Accounting Standard (AS-18) 'Related Party Disclosures' in respect of transactions for the year are as under:

A. List of Related Parties over which control exists:

Sr No.	Name of the Related Party	Relationship
i) Subsidiaries		
1	Money Matters Securities Private Limited	Wholly owned Subsidiary
2	Money Matters Investment Advisors Private Limited	Wholly owned Subsidiary
3	Money Matters Distribution Company Private Limited	Wholly owned Subsidiary
4	Money Matters Capital Private Limited	Wholly owned Subsidiary
5	Money Matters Research Private Limited	Wholly owned Subsidiary
6	Money Matters Resources Private Limited	Wholly owned Subsidiary
ii) Step down foreign subsidiary (indirect holding)		
1	Money Matters Advisory Pte Limited, Singapore	Wholly owned Subsidiary of Money Matters Research Private Limited (Upto March 7, 2012)
iii) Joint Ventures		
1	Capstone Capital Services Private Limited (Upto February 05, 2011)	
iv) Enterprises over which Management and/or their relatives have control		
1	Money Matters Infrastructure Private Limited	
2	Parijat Properties Private Limited	
v) Key Management Personnel		
1	Mr. Rajesh Sharma	Chairman & Managing Director
2	Mr. Pramod Kasat	Whole Time Director (from April 16, 2010 to March 14, 2011)
vi) Details of transactions during the year and closing balances as at the year end:		

(₹ In Lacs)											
Sr No.	Particulars	Subsidiaries		Key Management Personnel		Joint Venture		Enterprises over which Management and/or their relatives have control		Total	
		Year Ended Mar 31, 2012	Year Ended Mar 31, 2011	Year Ended Mar 31, 2012	Year Ended Mar 31, 2011	Year Ended Mar 31, 2012	Year Ended Mar 31, 2011	Year Ended Mar 31, 2012	Year Ended Mar 31, 2011	Year Ended Mar 31, 2012	Year Ended Mar 31, 2011
a	Items of Statement of Profit and Loss:										
	(I) Incomes:										
	Interest Received	-	38.58	-	-	-	-	-	-	-	38.58
	Rent Received	-	46.37	-	-	-	-	-	-	-	46.37

Notes to Financial Statements

for the year ended 31 March, 2012

(₹ In Lacs)

Sr No.	Particulars	Subsidiaries		Key Management Personnel		Joint Venture		Enterprises over which Management and/or their relatives have control		Total	
		Year Ended Mar 31, 2012	Year Ended Mar 31, 2011	Year Ended Mar 31, 2012	Year Ended Mar 31, 2011	Year Ended Mar 31, 2012	Year Ended Mar 31, 2011	Year Ended Mar 31, 2012	Year Ended Mar 31, 2011	Year Ended Mar 31, 2012	Year Ended Mar 31, 2011
	(II) Expenses										
	Rent Paid	-	-	0.12	0.08	-	-	197.78	178.30	197.90	178.38
	Salaries, Commission and other benefits	-	-	278.00	361.12	-	-	-	-	278.00	361.12
	Payment towards loss on termination of Joint Venture	-	-	-	-	-	22.36	-	-	-	22.36
b	Balance Sheet Items:										
i	Loans Given	111.07	24,966.43	-	-	-	-	-	-	111.07	24,966.43
ii	Loans Given Repaid	7,329.37	20,930.97	-	-	-	-	-	-	7,329.37	20,930.97
iii	Recoverable Amount										
	a) Expenses incurred for related parties	-	3.25	-	-	-	-	-	-	-	3.25
iv	Investment in equity shares	-	456.00	-	-	-	-	-	-	-	456.00
c	Balance Sheet Items (Closing Balances):										
i	Other Liabilities for rendering services	-	-	-	0.08	-	-	-	-	-	0.08
ii	Loans & Advances Given	1,829.54	9,047.83	-	-	-	-	-	-	1,829.54	9,047.83
	(Maximum Amount Involved during the year)	9,064.51	15,904.67	-	-	-	-	-	-	9,064.51	15,904.67

30. Leases (AS - 19)

Operating Leases:

The Company has taken office premises, guest houses & motor car under operating lease and the leases are of cancellable/ non-cancellable in nature. The lease arrangement are normally renewable on expiry of the lease period at the option of the lessor/ lessee ranging from 3 to 5 years. Some of the lease agreements having lease period of five years have a lock-in period of three years which are non-cancellable in nature. After the expiry of the lock-in period, the lease agreement becomes cancellable in nature at the option of the lessor or the lessee by giving 1-3 months notice to the either party. There are no restrictions imposed by the lease agreement. There is no contingent rent in the lease agreement. There is escalation clause in some lease agreements. The future minimum lease payments in respect of the non cancellable lease are as follows :

Notes to Financial Statements

for the year ended 31 March, 2012

(₹ In lacs)		
Particulars	2011-2012	2010-2011
a) Payable not later than one year	63.00	19.49
b) Payable later than one year and not later than three years	84.25	-

The lease payments recognized in the Statement of Profit & Loss in respect of non-cancellable lease for the year are ₹ 8.75 Lacs (31 March 2011: ₹ 38.98 Lacs).

The lease payments recognized in the Statement of Profit & Loss in respect of cancellable lease for the year are ₹ 293.67 Lacs (31 March 2011: ₹ 269.78 Lacs).

The Company had sub-leased the office premises under operating lease in the previous year.

The lease income recognized in the Statement of Profit & Loss for the year is ₹ Nil (31 March 2011: ₹ 46.37 Lacs).

31. Earnings Per Share (AS - 20)

Particulars		For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Net Profit after tax as per Statement of Profit and Loss	(A) ₹ In Lacs	4,026.76	8,426.43
Add : Exceptional Items (Loss on sale of shares in JV)	₹ In Lacs	-	49.95
Add : Exceptional Items (Share of loss in JV)	₹ In Lacs	-	22.36
Net Profit after tax & before exceptional items as per Statement of Profit and Loss	(B) ₹ In Lacs	4,026.76	8,498.74
Weighted average number of equity shares for calculating Basic EPS	(C) Nos.	34,871,895	30,910,151
Weighted average number of equity shares for calculating Diluted EPS	(D) Nos.	35,716,572	35,212,007
Basic earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (after exceptional items)	(A)/(C)	11.55	27.26
Diluted earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (After exceptional items)	(A)/(D)	11.27	23.93
Basic earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (Before exceptional items)	(B)/(C)	11.55	27.49
Diluted earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (Before exceptional items)	(B)/(D)	11.27	24.14

Particulars		For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Weighted average number of equity shares for calculating EPS	Nos.	34,871,895	30,910,151
Add : Equity shares arising on conversion of warrants	Nos.	745,217	3,734,487
Add : Equity shares for no consideration arising on grant of stock options under ESOP	Nos.	99,460	567,369
Weighted average number of equity shares in calculation of diluted EPS	Nos.	35,716,572	35,212,007

Notes to Financial Statements

for the year ended 31 March, 2012

32. The Company believes that no impairment of assets arises during the year as per Accounting Standards - 28 "Impairment of Assets".

33. Contingent Liabilities

On account of bank guarantee to the Central Bureau of Investigation against release of cash ₹ 12.12 Lacs (31 March 2011: Nil)

34. (a) Foreign Currency Earnings ₹ Nil (31 March 2011: Nil)

(b) Foreign Currency Expenditure

Professional Fees ₹ Nil (31 March 2011: ₹ 70.78 Lacs)

Travelling Expenses ₹ Nil (31 March 2011: ₹ 5.38 Lacs)

35. Capital and other commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 77.32 Lacs (31 March 2011 ₹ 78.61 Lacs)

b) Other Commitments ₹ NIL (31 March 2011 ₹ NIL)

36. Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006

The Company has not transacted with any Micro and Small Enterprises as specified under MSMED Act, 2006. Hence, the disclosure requirement under Section 22 of the said act is not applicable.

37. (a) Additional Disclosures as required in terms of Paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 issued by Reserve Bank of India.

Particulars			(₹ in lacs)	
Liabilities Side				
1	Loans and advances availed by the non banking financial Company inclusive of interest accrued thereon but not paid:		Amount Outstanding	Amount Overdue
	a) Debentures:			
	Secured		-	-
	Unsecured		-	-
	(other than falling within the meaning of public deposits)			
	b) Deferred Credits		-	-
	c) Term Loans		-	-
	d) Inter Corporate loans and borrowings		-	-
	e) Commercial Paper		-	-
	f) Other Loans (Specify nature)	Bank O/D	-	-
	Total		-	-
Assets Side				
				Amount Outstanding
2	Breakup of Loans and Advances including bills receivables (other than those included in (4) below):			
	a) Secured			36,843.60
	b) Unsecured			1,852.21

Notes to Financial Statements

for the year ended 31 March, 2012

	Amount Outstanding
3 Breakup of Leased Assets and stock on hire and other assets counting towards AFC activities	
i) Lease assets including lease rentals under sundry debtors:	
a) Financial Lease	-
b) Operating Lease	-
ii) Stock on hire including hire charges under sundry debtors:	
a) Assets on hire	-
b) Repossessed Assets	-
iii) Other loans counting towards AFC activities	
a) Loans where assets have been repossessed	-
b) Loans other than (a) above	-
4 Breakup of Investments:	
Current Investments:	
1. Quoted:	
i) Shares: (a) Equity	-
(b) Preference	-
ii) Debentures and Bonds	9,446.34
iii) Units of mutual funds	-
iv) Government Securities	2,682.00
v) Others (please specify)	
- Certificate of Deposits	-
2. Unquoted:	
i) Shares: (a) Equity	-
(b) Preference	-
ii) Debentures and Bonds	-
iii) Units of mutual funds	6,301.42
iv) Government Securities	-
v) Others (please specify)	-
Long Term investments:	
1. Quoted:	
i) Shares: (a) Equity	-
(b) Preference	-
ii) Debentures and Bonds	-
iii) Units of mutual funds	-
iv) Government Securities	-
v) Others (please specify)	-
2. Unquoted:	
i) Shares: (a) Equity	5,649.32
(b) Preference	-
ii) Debentures and Bonds	-
iii) Units of mutual funds	-
iv) Government Securities	-
v) Others (please specify)	-

Notes to Financial Statements

for the year ended 31 March, 2012

5 Borrower groupwise classification of assets financed as in (2) and (3) above:

Category	Amount net of Provisions		
	Secured	Unsecured	Total
1. Related Parties			
a) Subsidiaries	-	1,852.21	1,852.21
b) Companies in the same group	-	-	-
c) Other related parties	-	-	-
2. Other than related parties	36,843.60	-	36,843.60
Total	36,843.60	1,852.21	38,695.81

6 Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value/Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
a) Subsidiaries	5,682.17	3,756.00
b) Companies in the same group	-	-
c) Other related parties	-	-
2. Other than related parties	18,433.70	20,323.08
Total	24,115.87	24,079.08

7 Other information

i) Gross Non-Performing Assets		
a) Related Parties	-	-
b) Other than related parties	-	-
ii) Net Non-Performing Assets		
a) Related Parties	-	-
b) Other than related parties	-	-
iii) Assets acquired in satisfaction of debt	-	-

37 (b) Disclosures in terms of Paragraph 10 of Non Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 issued by Reserve Bank of India.

(I) Disclosure for CRAR :-		(₹ In Lacs)
CRAR Items	As on March 31, 2012	As on March 31, 2011
i) CRAR (%)	129.73%	198.45%
ii) CRAR - Tier I Capital (%)	129.73%	198.45%
iii) CRAR - Tier II Capital (%)	0%	0%

Notes to Financial Statements

for the year ended 31 March, 2012

(II) Exposure to Real Estate Sector

(₹ In Lacs)

Category	As on March 31, 2012	As on March 31, 2011
a) Direct Exposure		
i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 Lacs may be shown separately)	Nil	Nil
ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.)	30,283.00	4,000.00
iii) Investments in Mortgage Backed Securities(MBS) and other securitised exposures -		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) Indirect Exposure		
Fund based and non-fund based exposure on National Housing Bank(NHB) and Housing Finance Companies (HFCs.)	Nil	Nil

(III) Maturity Pattern of Assets & Liabilities as at March 31, 2012

	1 Day to 30/31 days(One Month)	Over one Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 to 3 Years	Over 3 to 5 Years	Over 5 Years	Total
Liabilities									
Borrowing from Banks	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	(14.34)	-	-	(14.34)
Market Borrowings	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Assets									
Advances	2,974.00	832.00	790.00	3,908.00	11,415.00	18,777.22	-	-	38,696.22
	(6,800.05)	(27.05)	(0.05)	(7,623.49)	(2,226.13)	(4,001.20)	(0.75)	-	(20,678.73)
Investments	2,000.00	-	-	6,301.00	2,131.00	7,998.08	-	5,649.00	24,079.08
	(16,387.95)	(238.63)	(524.98)	(1,868.72)	(492.85)	(10,812.51)	-	(3,756.00)	(34,081.62)

Note : Figures of Previous year are given in brackets

Notes to Financial Statements

for the year ended 31 March, 2012

- 38.** During the year, the Company has proposed dividend of ₹ 1/- per share to Equity Shareholders.
- 39.** The 3rd (third) warrant conversion period in relation to 37,34,487 outstanding warrants of the Company commenced from 27th December, 2011 and ended on 26th March, 2012. Warrant Conversion price was fixed at ₹ 77.54 (including premium of ₹ 67.54). Warrantholders holding 8401 warrants opted for conversion to equity shares and the Company received an amount of ₹ 6.51 Lacs from the warrantholders who have exercised their option to convert warrants into equity shares. The shares were allotted on March 30, 2012. The said proceeds were not utilized & were parked in a separate bank account. As on the end of the year, 37,26,086 warrants are outstanding.
- 40.** In the opinion of the Board of Directors, the Current Assets and the Non - Current Assets have a value on realization in the normal course of business atleast equal to the value at which they are stated in the Balance Sheet.

41. Previous year figures

Till the year ended 31 March, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March, 2012 the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date attached

For and on behalf of

KARNAVAT & CO.

Chartered Accountants

Firm Regn. No. 104863W

For and on behalf of the Board of Directors

Rajesh Sharma

Chairman & Managing Director

Beni Prasad Rauka

Director

Shashikant Gupta

Partner

Membership No. 045629

Place: Srinagar

Date: 19th May 2012

Ashok Agarwal

Sr. Vice President Finance & Accounts

Place: Srinagar

Date: 19th May 2012

Harish Agrawal

Vice President & Company Secretary

Consolidated Financial Statements

Auditors' Report

on the Consolidated Financial Statements

To the Board of Directors of Money Matters Financial Services Limited.

1. We have audited the attached Consolidated Balance Sheet of Money Matters Financial Services Limited ('the Company') and its subsidiaries (together referred to as "Group") as at March 31, 2012, the Consolidated statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These Consolidated financial statements are the responsibility of Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company's

Management in accordance with the requirements of Accounting Standard 21 - "Consolidated Financial Statements" as prescribed under the Companies (Accounting Standards) Rules, 2006.

4. Subject to our comments in Paragraph 3 above & based on our audit and on consideration of the auditors reports on separate financial statements, in our opinion and to the best of our information and according to the explanation given to us, the said 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 Group as at March 31, 2012;
 - b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the Cash flows of the Group for the year ended on that date.

For and on behalf of
KARNAVAT & CO.
 Chartered Accountants
 Firm Regn. No. 104863W

(Shashikant Gupta)
 Partner
 Membership No. 045629

Place: Srinagar

Dated: 19th May 2012.

Consolidated Balance Sheet

as at 31st March, 2012

		(₹ In Lacs)	
	Notes	As At 31-03-2012	As At 31-03-2011
I. EQUITY AND LIABILITIES			
1 Shareholders' Fund			
Share Capital	2	3,488.76	3,486.85
Reserves and Surplus	3	79,397.59	75,832.65
		82,886.35	79,319.50
2 Non-Current Liabilities			
Long Term Provisions	4	18.22	16.37
		18.22	16.37
3 Current Liabilities			
Short Term Borrowings	5	-	3,440.37
Trade Payables	6	5.77	2.63
Other Current Liabilities	7	168.90	49.07
Short Term Provisions	8	1,343.10	397.36
		1,517.77	3,889.43
Total		84,422.34	83,225.30
II. ASSETS			
1 Non Current Assets			
Fixed Assets			
Tangible Assets	9	492.35	481.28
Intangible Assets	9	8.62	9.81
		500.97	491.09
Deferred Tax Assets (Net)	10	9.86	10.67
Non Current Investments	11	5,216.49	5,216.49
Other Bank Balances	12	572.12	2,866.00
Long Term Loans and Advances	13	21,039.04	5,843.00
Other Non-Current Assets	14	307.34	140.81
		27,144.85	14,076.97
2 Current Assets			
Current Investments	15	-	4,000.00
Inventories	16	20,315.15	24,781.21
Trade Receivables	17	380.37	504.70
Cash and Bank Balances	18	17,631.34	31,067.85
Short Term Loans and Advances	13	18,110.10	7,714.50
Other Current Assets	14	339.56	588.98
		56,776.52	68,657.24
Total		84,422.34	83,225.30

Significant Accounting Policies

1

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

As per our report of even date attached

For and on behalf of the Board of Directors

For and on behalf of

KARNAVAT & CO.

Chartered Accountants
Firm Regn. No. 104863W

Rajesh Sharma
Chairman & Managing Director

Beni Prasad Rauka
Director

Shashikant Gupta
Partner
Membership No. 045629

Ashok Agarwal
Sr. Vice President Finance & Accounts

Harish Agrawal
Vice President & Company Secretary

Place: Srinagar
Date: 19th May 2012

Place: Srinagar
Date: 19th May 2012

Consolidated Statement of Profit and Loss

For the year ended 31st March, 2012

	Notes	Year Ended 31-03-2012	Year Ended 31-03-2011
(₹ In Lacs)			
I. INCOME			
Revenue from Operations	19	59,503.33	49,826.39
Other Income	20	73.09	16.91
Total Revenue		59,576.43	49,843.31
II. EXPENSES			
Purchases of Traded Goods	21	45,650.18	44,967.60
Changes in Inventories of Traded Goods	22	4,466.06	(12,679.95)
Employee Benefit Expenses	23	2,050.67	2,193.76
Finance Costs	24	25.03	869.74
Depreciation and Amortization Expenses	25	129.26	103.11
Other Expenses	26	1,217.53	1,565.59
Total Expenses		53,538.73	37,019.85
III. Profit before Exceptional Items and Tax		6,037.70	12,823.46
Less: Exceptional Items			
Loss on sale of investments in Joint Venture		-	49.95
Share of net loss on termination of Joint Venture		-	22.36
Loss on striking off of Subsidiary		7.01	-
IV. Profit before Tax		6,030.69	12,751.15
Less: Tax Expenses			
Current Tax		1,945.47	4,068.51
Deferred Tax		0.81	(3.39)
Earlier years adjustments		(0.19)	(0.05)
		4,084.60	8,686.08
Less: Reversal of earlier years consolidation adjustment of Joint Venture		-	6.19
V. Profit for the year		4,084.60	8,692.27
VI. Earnings per Equity Share Before Exceptional Items			
(Nominal Value of share ₹ 10/- each)	32		
Basic (₹)		11.73	28.33
Diluted (₹)		11.46	24.87
Earnings per Equity Share After Exceptional Items			
(Nominal Value of share ₹ 10/- each)	32		
Basic (₹)		11.71	28.10
Diluted (₹)		11.44	24.67
Significant Accounting Policies	1		
The accompanying notes are an integral part of the Financial Statements.			

As per our report of even date attached

For and on behalf of

KARNAVAT & CO.

Chartered Accountants

Firm Regn. No. 104863W

Shashikant Gupta

Partner

Membership No. 045629

Place: Srinagar

Date: 19th May 2012

For and on behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Beni Prasad Rauka
Director

Ashok Agarwal
Sr. Vice President Finance & Accounts

Place: Srinagar
Date: 19th May 2012

Harish Agrawal
Vice President & Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2012

	(₹ in lacs)	
Particulars	31.03.2012	31.03.2011
(A) Cash Flow From Operating Activities and Exceptional Items		
Profit Before Taxation	6,030.69	12,751.15
Add:		
Depreciation	129.26	103.11
Stock Options Adjustment	(132.39)	119.35
Bad Debts Written off	-	104.13
Miscellaneous Expenses Written off	-	2.37
Loss on sale of Fixed Assets	4.87	-
Less:		
Rights Issue/Preliminary Expenses Incurred	-	(2.37)
Operating Profit	6,032.43	13,077.74
Add: Exceptional Items		
Loss on sale of Investment in Joint Venture	-	49.95
Share of Loss on termination of Joint Venture	-	22.36
Loss on striking off of Subsidiary	7.01	-
Operating Profit before Working Capital Changes	6,039.44	13,150.05
Movements in Working Capital		
(Increase)/Decrease in Sundry Debtors	348.97	1,761.75
(Increase)/Decrease in Stock-in-trade	4,466.06	(12,679.95)
(Increase)/Decrease in Loans & Advances	(25,611.41)	(6,194.07)
Increase/(Decrease) in Current Liabilities	663.49	(2,114.81)
Increase/(Decrease) in Provisions	1.84	(15.53)
Cash Flow from Operating Activities	(14,091.61)	(6,092.56)
Less		
Income Tax Adjustment	-	0.05
Direct Taxes Paid	(2,077.47)	(4,411.50)
Net Cash (Used in) Operating Activities (A)	(16,169.08)	(10,504.01)
(B) Cash Flow From Investing Activities		
Purchase of Fixed Assets	(148.86)	(228.89)
Loss of Striking off of Subsidiary	(7.01)	-
Sale of Fixed Assets	4.85	-
Share of loss on termination of Joint Venture	-	(22.36)
(Increase)/Decrease in Investments	4,000.00	(8,616.92)
Net Cash Flow (Used In) Investing Activities (B)	3,848.98	(8,868.17)

Consolidated Cash Flow Statement

for the year ended March 31, 2012

	(₹ in lacs)	
Particulars	31.03.2012	31.03.2011
(C) Cash Flow From Financing Activities		
Increase/(Decrease) in Secured Borrowings	(3,440.37)	650.27
Dividend Paid	-	(713.37)
Tax on Dividend	-	(118.48)
Increase/(Decrease) in Share Capital	1.91	711.72
Increase/(Decrease) in Share Premium (net of Share Issue Expenses adjusted)	18.20	42,210.78
Net Cash Flow Generated From Financing Activities (C)	(3,420.26)	42,740.92
Net Increase/Decrease in Cash & Bank Balance (A+B+C)	(15,740.36)	23,368.74
Cash & Bank Balance at the beginning	33,943.82	10,575.08
Cash & Bank Balance at the end	18,203.46	33,943.82
Net Increase/Decrease in Cash & Bank Balance	(15,740.36)	23,368.74
Notes:		
1. Cash and Bank Balance		
A. Cash and Cash equivalents		
- Cash in hand	0.01	1.83
- Cash with CBI (Seized)	-	12.12
- Foreign Currency with CBI (Seized)	-	2.15
Balance with banks:		
- In Current Accounts	3,124.51	2,116.37
- Deposits with original maturity of less than 3 months	-	5,000.00
(A)	3,124.52	7,132.47
B. Other Bank Balances		
Deposits with original maturity for more than 3 months	15,078.94	26,811.35
(B)	15,078.94	26,811.35
Total (A+B)	18,203.46	33,943.82

- Cash flows arising on account of taxes on income are not specifically bifurcated with respect to investing & financing activities.
- Previous year's figures have been regrouped, wherever necessary to confirm to current year's classification.
- Figures in brackets represent outflows.

As per our report of even date attached

For and on behalf of

KARNAVAT & CO.

Chartered Accountants
Firm Regn. No. 104863W

For and on behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Beni Prasad Rauka
Director

Shashikant Gupta
Partner
Membership No. 045629

Ashok Agarwal
Sr. Vice President Finance & Accounts

Harish Agrawal
Vice President & Company Secretary

Place: Srinagar
Date: 19th May 2012

Place: Srinagar
Date: 19th May 2012

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

1. Significant Accounting Policies

1.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

1.2 Basis of Consolidation

The consolidated financial statements relate to Money Matters Financial Services Limited (the Parent Company) and its subsidiary companies.

(i) Principles of Consolidation

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS-21) - "Consolidated Financial Statements" as prescribed under the Companies (Accounting Standards) Rules, 2006. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Parent and its subsidiary companies (together the "Group") have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits or losses on intra-group transactions.
- b) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner

as the Parent Company's separate financial statements. Appropriate adjustments have been made in the financial statements of the subsidiaries with respect to different accounting policies for like transactions and events in similar circumstances for the purpose of preparation of consolidated financial statements.

- c) The excess of cost to the Parent Company of its investment in the subsidiary over the Parent Company's portion of equity of the subsidiary is recognised in the financial statements as Goodwill. This Goodwill is tested for impairment at the end of the financial year. The excess of Parent Company's portion of equity over the cost of investment as at the date of its investment is treated as Capital Reserve.
- d) The financial statements of the subsidiaries used in consolidation are drawn upto the same reporting date as that of the Parent Company i.e. year ended March 31, 2012.
- (ii) Wholly owned Indian subsidiary companies included in the consolidated financial statements

Name of Subsidiaries

Money Matters Investment Advisors Private Limited;

Money Matters Securities Private Limited;

Money Matters Distribution Company Private Limited;

Money Matters Capital Private Limited;

Money Matters Research Private Limited;

Money Matters Resources Private Limited.

The above subsidiaries are audited by the Auditor of the Holding Company for the current as well as the previous financial year.

1.3 Change in Accounting Policy

Presentation and Disclosure of Financial Statement

During the year ended 31 March, 2012, the revised Schedule VI notified under the Companies Act,

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.4 Use of Estimates

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

1.5 Tangible Fixed Assets

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

1.6 Depreciation on Tangible Fixed Assets

Depreciation on tangible fixed assets is provided on a written down value basis from the date the asset is ready to use or put to use, whichever is earlier at the rates prescribed in the Schedule XIV to the Companies Act, 1956. In respect of assets sold, depreciation is provided upto the date of disposal.

1.7 Intangible Assets

Intangible Assets are stated at cost less accumulated amortisation and impairment losses, if any. The cost of intangible assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its

intended use. Intangible assets are amortized over the useful life on prorata basis under the straight line method as estimated by the management, which is generally between three to five years.

1.8 Leases

Where the Company is lessee

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

1.9 Impairment of Tangible and Intangible Assets

The carrying amount of assets is 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 the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

1.10 Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long Term Investments are carried at cost.

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

However, provision for diminution in value is made to recognize a decline, other than temporary, in the value of the investments. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

In accordance with the Note No. 1 of Revised Schedule VI to the Companies Act, 1956, the portion of the Long Term Investments classified above, expected to be realised within 12 months of the reporting date, have been classified as current investments.

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

Investment in Property

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of, the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on building component of investment property is calculated on written down value basis using the rate arrived at based on the useful life estimated by the management, or that prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the depreciation rate of 5%.

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

1.11 Inventories

The securities acquired with the intention of short term holding and trading positions are considered as stock-in-trade and disclosed as current assets. The securities held as stock-in-trade under current assets are valued at lower of cost or market value. In case of units of mutual fund, net asset value of

units declared by the mutual funds is considered as market value.

1.12 Revenue Recognition

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. The following specific recognition criteria are met before revenue is recognized:

a) Income from Advisory Services

Income from Advisory Services are accounted for as and when the relevant services are rendered and revenue is recognised using completed service contract method except where the recovery is uncertain in which case it is accounted for on receipt.

b) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Revenue from Operations" in the statement of profit and loss.

c) Dividends

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

d) Profit/ Loss on sale of Investments/ Inventories

Profit/loss on the sale of investments/ inventories is dealt with at the time of actual sale/redemption.

1.13 Foreign Currency Translation

a) Foreign Currency Transactions and Balances

(i) Initial recognition

Foreign Currency Transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Exchange differences, if any, arising out of transactions settled during the year are recognised in the statement of profit and loss.

(ii) Conversion

Monetary assets and liabilities denominated in

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

the foreign currencies as at the Balance Sheet date are translated at the closing exchange rates on that date. The exchange differences, if any, are recognised in the statement of profit & loss and related assets and liabilities are accordingly restated in the Balance Sheet.

1.14 Retirement and other employee benefits

The Company has adopted the revised Accounting Standard 15 – “Accounting for Employee Benefits”. The accounting policy followed by the Company in respect of its employee benefit schemes is set out below:

Gratuity

From the current financial year, the Company has funded (upto previous year unfunded) Defined Benefit Obligation Plan for gratuity to its employees, who have completed five years or more of service, under the group gratuity scheme of Life Insurance Corporation (LIC) of India. The Company has created planned assets by contribution to the gratuity fund with LIC of India.

Leave Encashment:

Unutilised leave of staff is paid as at the end of the year. Accordingly, no provision is required to be made for compensated absences.

1.15 Income Taxes

Income tax expenses comprises of current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) & the deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

Deferred Taxation

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantially enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual

certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

1.16 Employee Stock Compensation Cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

1.17 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earning per Share” prescribed by the Companies (Accounting Standards) Rules, 2006.

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. Partly paid equity shares are treated as fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

1.18 Segment Reporting Policies

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Unallocated items:

Unallocated items include income and expenses which are not allocated to any business segment.

Segment Policies:

The Company prepares its segment information in conformity with the accounting policies for preparing and presenting the financial statements of the Company as a whole.

1.19 Provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amounts of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted

to reflect the current best estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

1.20 Contingent Liabilities / Assets

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

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, asset and related income are recognised in the period in which the change occurs.

1.21 Cash and Cash Equivalents

Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less, as per Accounting Standard 3 "Cash Flows".

	(₹ In Lacs)	
	31-03-2012	31-03-2011
2. Share Capital		
Authorized Shares		
5,50,00,000 (31 March 2011: 5,50,00,000) Equity Shares of ₹ 10/- each	5,500.00	5,500.00
	5,500.00	5,500.00
Issued, Subscribed and Fully paid up Shares		
3,48,87,559 (31 March 2011: 3,48,68,458) Equity Shares of ₹ 10/- each Fully paid up	3,488.76	3,486.85
Total	3,488.76	3,486.85

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

2.1 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

Equity Shares:	31-03-2012		31-03-2011	
	Nos.	₹ in Lacs	Nos.	₹ in Lacs
At the beginning of the period	34,868,458	3,486.85	27,751,305	2,775.13
Issued during the period - QIP	-	-	7,117,153	711.72
Issued during the period - Warrant Conversion	8,401	0.84	-	-
Issued during the period - ESOP	10,700	1.07	-	-
Outstanding at the end of the period	34,887,559	3,488.76	34,868,458	3,486.85

2.2 Terms/Rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 1.00/- (31 March 2011 ₹ 1.25/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be proportional to the number of equity shares held by the shareholders.

There are 37,26,086 (31 March 2011: 37,34,487) warrants outstanding as at the end of the year. The warrant holders at their option can convert the warrants into equity shares in the ratio of 1:1 as per the Warrant Exercise Price. The 4th conversion period of warrants will begin from December 27, 2012 and will close on March 26, 2013 and 5th Conversion period of warrants will begin from December 27, 2013 and will close on March 26, 2014. Warrant Exercise Price shall be calculated as 20% discount to the Market Price subject to a minimum of ₹ 10/- and the Market Price shall be the higher of the following:

- The average price of the Equity shares of the Company computed as the average of the weekly high and low of the closing prices of the shares of the Company during the six months immediately preceeding the month in which the exercise price is announced; or
- Average of the weekly high and low of the closing prices of the related shares during the two weeks preceding the month in which the exercise price is announced.

2.3 Details of shareholders holding more than 5% share in the Company

Equity Shares of ₹ 10 each fully paid up:	31-03-2012		31-03-2011	
	Nos.	%	Nos.	%
Money Matters India Private Limited	11,597,838	33.24	9,871,453	28.31
Mr. Rajesh Sharma	8,971,159	25.71	8,971,159	25.73
Gainful Multitrade Private Limited	2,033,706	5.83	2,033,706	5.83
Roopam Multitrade Private Limited	1,950,000	5.59	1,950,000	5.59

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

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

	(₹ In Lacs)	
	31-03-2012	31-03-2011
3. Reserves and Surplus		
3.1 Capital Reserve		
Balance as per the last financial statements	284.07	280.19
Add/ (Less): Adjustment during the year	-	3.88
Closing Balance	284.07	284.07
3.2 Securities premium account		
Balance as per the last financial statements	44,542.49	2,331.71
Add: Premium on issue of Equity to QIB	-	43,788.29
Add: Additions on ESOPs exercised	12.52	-
Add: Additions on Warrant Conversion	5.67	-
	44,560.68	46,120.00
Less: Share Issue Expenses	-	1,577.51
Closing Balance	44,560.68	44,542.49
3.3 Employee stock options outstanding (Refer note no. 28)		
Employee Stock Options Outstanding	130.28	687.08
Less: Deferred employee stock compensation	67.17	491.57
Closing Balance	63.11	195.51
3.4 General Reserve		
Balance as per the last financial statements	1,700.00	1,200.00
Add: Amount transferred from surplus balance in the statement of profit and loss	225.00	500.00
Closing Balance	1,925.00	1,700.00
3.5 Surplus / (Deficit) in the statement of profit and loss		
Balance as per the last financial statement	22,910.58	17,026.58
Profit for the year:	4,084.60	8,692.27
Less: Appropriations		
Proposed final equity dividend (Amount per share ₹ 1/-)	348.87	-
Tax on proposed equity dividend	56.58	-
Interim Dividend	-	435.87
Tax on Interim dividend	-	72.40
Transfer to reserve fund under Section 45 I C(1) of Reserve Bank of India Act, 1934	810.00	1,800.00
Transfer to general reserve	225.00	500.00
Net surplus in the statement of profit and loss	25,554.73	22,910.58
3.6 Reserve Fund as per Section 45 I C(1) of Reserve Bank of India Act, 1934		
Balance as per the last financial statement	6,200.00	4,400.00
Add: Amount transferred from surplus balance in the statement of profit and loss	810.00	1,800.00
Closing Balance	7,010.00	6,200.00
Total Reserves and Surplus	79,397.59	75,832.65

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

	(₹ In Lacs)	
	31-03-2012	31-03-2011
4. Long-term Provisions		
Provisions for employees benefits		
Provision for gratuity (Note No.27)	18.22	16.37
Total	18.22	16.37
5. Short Term Borrowings		
Loans repayable on demand (Secured)		
From Banks		
Overdraft	-	3,440.37
Total	-	3,440.37
Note:		
a) Rate of Interest is charged at 1% p.a. above the coupon rate of Fixed Deposit.		
b) Nature of Security: Fixed Deposits of ₹ 13,150 Lacs (31 March 2011: ₹ 10,650 Lacs) are offered as security against overdraft facility.		
6. Trade payables		
Trade payables (including acceptances)	5.77	2.63
Total	5.77	2.63
7 Other Current Liabilities		
Interest Received in Advance	11.93	-
Other Payables		
Margin Money Received	138.00	-
Service Tax payable	-	21.18
Sundry Creditors for expenses	5.92	6.67
Audit fees payable	7.67	7.21
TDS payable	5.38	14.01
Total	168.90	49.07
8 Short Term Provisions		
8.1 Provisions for employee benefits		
Salary and Reimbursements	4.57	18.65
Bonus	914.00	354.63
Contribution to PF	-	3.00
8.2 Others		
Proposed equity dividend	348.87	-
Provision for tax on proposed equity dividend	56.58	-
Provision for Fringe Benefit Tax	-	0.25
Provision for expenses	19.08	20.83
Total	1,343.10	397.36

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

9. Fixed Assets

(₹ In Lacs)

		GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK		
Rate of Depreciation	Cost as at 01.04.2011	Additions	Disposals	Other Adjustments	Cost as at 31.03.2012	As at 01.04.2011	For the year	Adjustment on Disposals	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011	
9.1 Tangible Assets												
Buildings	5.00%	48.52	-	-	-	48.52	2.50	2.30	-	4.80	43.72	46.02
Computers	40.00%	165.35	10.75	14.65	-	161.45	84.17	34.70	7.94	110.93	50.52	81.18
Furniture and Fixtures	18.10%	349.24	6.09	2.18	-	353.15	121.30	41.42	0.53	162.19	190.96	227.94
Office Equipments	13.91%	74.86	2.51	1.78	-	75.59	14.94	8.38	0.43	22.89	52.70	59.92
Electric Installation	13.91%	29.08	-	-	-	29.08	5.35	3.30	-	8.65	20.43	23.73
Vehicles	25.89%	58.65	126.06	-	-	184.71	16.16	34.53	-	50.69	134.02	42.49
Current Year		725.70	145.41	18.61	-	852.50	244.42	124.63	8.90	360.15	492.35	481.28
Previous Year		510.68	215.58	0.57	-	725.70	144.84	99.62	0.04	244.42	481.28	365.85
9.2 Intangible Assets												
Softwares	(Refer note below)	13.31	3.44	-	-	16.75	3.49	4.63	-	8.13	8.62	9.81
Current Year		13.31	3.44	-	-	16.75	3.49	4.63	-	8.13	8.62	9.81
Previous Year		-	13.31	-	-	13.31	-	3.49	-	3.49	9.81	-

Notes :

a) Softwares are amortized on pro rata basis using straight line method over the useful life estimated by the management which is three years.

b) Amortization of software ;

Year of Acquisition	Cost	Amortized		Balance to be amortized	
		No. of years	Amount	No. of years	Amount
2010-11	13.31	2	7.94	1	5.37
2011-12	3.44	1	0.19	2	3.25
Total	16.75		8.13		8.62

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

	(₹ In Lacs)	
	31-03-2012	31-03-2011
10. Deferred Tax Assets (Net)		
(Disclosure as per AS-22 "Accounting for Taxes on Income")		
Deferred Tax Assets		
Timing difference on account of :		
Excess of WDV of the assets as per Income Tax Act, 1961 over the Financial Books.	10.65	7.66
Expenses disallowed on account of gratuity	-	3.75
Expenses disallowed under Section 35D of Income Tax Act, 1961	1.63	3.88
Gross Deferred Tax Assets (A)	12.28	15.29
Deferred Tax Liabilities		
Excess of WDV of the assets as per Financial Books over the WDV as per Income Tax Act, 1961.	2.42	4.62
Gross Deferred Tax Liabilities (B)	2.42	4.62
Deferred Tax Assets (Net) (A - B)	9.86	10.67
11 Non Current Investments		
11.1 Trade Investments, Unquoted (valued at cost unless stated otherwise)		
20,87,339 (31 March 2011: 20,87,339) Equity Shares of face value of ₹ 10 each fully paid in Future Capital Holdings Limited	3,323.17	3,323.17
Sub - Total	3,323.17	3,323.17
11.2 Non-trade Investments, Unquoted (valued at cost unless stated otherwise)		
Investment in Equity Instruments		
3,72,279 (1,24,093) Equity Shares of ₹ 10/- each fully paid up of Credit Analysis & Research Limited	1,893.32	1,893.32
Sub - Total	1,893.32	1,893.32
Total	5,216.49	5,216.49
Aggregate amount of Unquoted Investments	5,216.49	5,216.49
12. Other Bank Balances		
Fixed Deposits with original maturity of more than 12 months	572.12	2,866.00
Total	572.12	2,866.00

Note: Fixed Deposits of ₹ 13,150 Lacs (31 March 2011: ₹ 10,650 Lacs) have been pledged as security for overdraft facility from bank.

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

(₹ In Lacs)

	Non-Current		Current	
	31-03-2012	31-03-2011	31-03-2012	31-03-2011
13. Loans and Advances				
13.1 Capital Advances				
Unsecured, considered good	1,538.43	1,188.71	-	48.44
Sub - Total	1,538.43	1,188.71	-	48.44
13.2 Security Deposit				
Unsecured, considered good	486.92	468.17	-	-
Sub - Total	486.92	468.17	-	-
13.3 Loans & Advances to related parties				
Unsecured, considered good (Refer Note No. 30)	-	-	-	4.42
Sub - Total	-	-	-	4.42
13.4 Other Loans and Advances				
Advance Income Tax (Net of provision for taxation)	313.12	181.18	-	-
Other Advances	22.06	2.03	4.86	21.53
Prepaid Expenses	0.29	0.96	11.06	20.73
Loans to Employees				
Less than 12 months	-	-	7.10	-
More than 12 months	5.41	1.95	-	-
Current maturities of more than 12 months	-	-	13.42	6.03
Advances Recoverable in cash or kind (Secured, Considered good)	18,719.61	4,000.00	18,123.98	7,613.35
	19,060.49	4,186.12	18,160.42	7,661.64
Less: Statutory Provision on Standard Assets as per RBI directions	(46.80)	-	(50.32)	-
Sub - Total	19,013.69	4,186.12	18,110.10	7,661.64
Total	21,039.04	5,843.00	18,110.10	7,714.50
Note : Advance Income Tax is net of provision for tax ₹ 17,768.63 Lacs (31st March 2011 ₹ 15,828.42 Lacs)				
Loans and advances to related parties includes amount due from Companies in which the Company's Director is a shareholder	-	-	-	-
14. Other Assets				
Interest accrued but not due	307.34	140.81	248.37	578.10
Inventory of Gift Items	-	-	70.12	-
Service Tax Receivable	-	-	21.07	10.88
Total	307.34	140.81	339.56	588.98

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

	(₹ In Lacs)	
	31-03-2012	31-03-2011
15. Current Investments		
Unquoted		
(Valued at lower of cost and fair value unless stated otherwise)		
In Mutual Fund Units		
Nil (3,783,043 Units) of ICICI Flexible Income Plan - (Dividend)	-	4,000.00
Total	-	4,000.00
Aggregate amount of unquoted investments ₹ Nil (31 March 2011 ₹ 4,000 Lacs)		
16. Inventories		
(valued at lower of cost and net realizable value)		
Traded Goods		
i) Government Bonds		
250 (31 March 2011: 250) Units of G-Sec 2034 August 7.5% Bonds	2,199.75	2,285.13
50 (31 March 2011: 50) Units of 8.26% GOI 2027 Bonds	482.25	492.85
ii) Other Bonds		
3 (31 March 2011: 3) Units of JP Associates Ltd July 2014 11.75% Bonds	30.00	30.33
1,69,137 (31 March 2011: 1,69,137) Units of Shriram Transport Finance Ltd- NCD 9.75% 2015	1,649.09	1,676.09
Nil (31 March 2011: 100) Units of 11.25% Essar Power Ltd 2018	-	954.50
Nil (31 March 2011: 40,000) Units of 9.95% SBI (Lower II Bond)	-	4,152.71
100,867 (31 March 2011: Nil) Units of 11.85% Shriram City Union Finance Ltd	998.58	-
500 (31 March 2011: 500) Units of 8.95% Infotel Broadband Services Ltd	4,768.68	4,927.65
200 (31 March 2011: Nil) Units of 9.65% Tourism Finance Corporation of India Ltd.	2,000.00	-
iii) Certificate of Deposit with Banks		
Nil (31 March, 2011: 10,000) 0% Central Bank of India CD 02-05-2011	-	9,913.06
iv) Equity Shares		
387,667 (31 March, 2011: Nil) Equity Shares of Power Grid Corporation Ltd.	-	348.89
iv) Mutual Funds		
570,971.20 Units (31 March 2011: Nil) of ICICI Prudential Sweep Plan Cash Option (Growth)	846.53	-
42,446.20 Units (31 March 2011: Nil) of Union KBC Liquid Fund	454.88	-
21,652,145.30 Units (31 March 2011: Nil) of Peerless Mutual Fund Liquid Fund Super Institutional Plan	2,500.00	-
9,713,792.81 Units (31 March 2011: Nil) of Reliance Liquid Fund - TP-IP	2,500.00	-
25,806,405.84 Units (31 March 2011: Nil) of ICICI Prudential Money Market Fund Cash Option (Growth)	385.39	-
13,201,900 Units (31 March 2011: Nil) of ICICI Prudential Interval Fund II Qtrly Interval Plan B(Institutional)	1,500.00	-
Total	20,315.15	24,781.21

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

	(₹ In Lacs)	
	31-03-2012	31-03-2011
17. Trade receivables		
Unsecured, considered good		
Outstanding for a period exceeding 6 months	143.59	317.52
Outstanding for a period less than 6 months	236.78	187.18
Total	380.37	504.70
18. Cash and Bank Balances		
18.1 Cash and Cash equivalents		
Cash in hand	0.01	1.83
Cash with CBI (Seized) (Refer Note No. 18(i))	-	12.12
Foreign Currency with CBI (Seized) (Refer Note No. 18(ii))	-	2.15
Balance with banks		
In Current Accounts	3,124.51	2,116.37
Fixed Deposits with original maturity of less than 3 months	-	5,000.00
Sub - Total	3,124.52	7,132.47
18.2 Other Bank Balances		
Fixed Deposits with original maturity of more than 3 months but less than 12 months	11,460.59	22,719.24
Current maturities of fixed deposits with original maturity of more than 12 months	3,046.23	1,216.14
Sub - Total	14,506.82	23,935.38
Total	17,631.34	31,067.85

Note:

18(i) Cash & foreign currency seized by Central Bureau of Investigation in the previous year has been released during the current year.

18(ii) Fixed Deposits of ₹ 13,150 Lacs (31 March 2011: ₹ 10,650 Lacs) have been pledged as security for overdraft facility from bank.

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

	(₹ In Lacs)	
	For the year ended	For the year ended
	31-03-2012	31-03-2011
19. Revenue from Operations		
19.1 Interest Income		
Interest on Loans given	3,909.43	369.00
Interest on Bonds/ Application Money for Bonds	1,354.21	705.57
Interest on Bank Deposits	1,787.96	2,298.25
Sub - Total	7,051.60	3,372.82
19.2 Revenue from Financial Services		
Fees from Advisory Services	276.95	13,175.51
Brokerage from Equity Markets	-	189.77
Brokerage from Debt Markets	-	1.35
Loan Processing Fees Received	700.95	155.00
Sub - Total	977.90	13,521.63
19.3 Sale of Traded Goods (Refer note no. 19(ii))		
Sale of Government & Corporate Bonds	38,673.86	32,284.89
Sale of Mutual Funds	11,503.71	-
Sub - Total	50,177.57	32,284.89
19.4 Other Operating Income		
Income From Trading in Shares/ Securities	-	51.30
Dividend on Current Investments	17.55	590.58
Dividend on Long Term Investments	76.60	-
Net gain on sale of current investments	1,202.12	5.17
Sub - Total	1,296.27	647.05
Total Revenue from Operations	59,503.33	49,826.39
Note		
19(i) Details of Traded Goods		
Government Securities	11,072.75	1,492.70
Commercial Papers	2,500.00	9,971.41
Corporate Bonds	24,704.94	20,820.78
Equity Shares	396.17	-
Mutual Funds	11,503.71	-
Total	50,177.57	32,284.89
20. Other Income		
Other non-operating income		
Late Payment Charges Received	1.59	16.48
Rebate on BSE Transactions Received	-	0.40
Interest on Income Tax Refund	0.01	-
Foreign Exchange Gain	0.05	-
Prior Period Items	71.41	-
Depository Charges Received	0.03	0.03
Total	73.09	16.91

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

(₹ In Lacs)			
	For the year ended	For the year ended	
	31-03-2012	31-03-2011	
21. Purchase of Traded Goods (Refer Note no. 21(I))			
Government & Corporate Bonds	26,040.68	44,967.60	
Purchase of Mutual Funds	19,609.50	-	
Total	45,650.18	44,967.60	
Note			
21 (i) Details of Traded Goods			
Government Securities	11,059.54	1,977.20	
Commercial Papers	2,426.60	9,938.73	
Corporate Bonds	12,554.54	32,702.77	
Shares of Power Grid Corporation Limited	-	348.90	
Mutual Funds	19,609.50	-	
Total	45,650.18	44,967.60	
	31-03-2012	31-03-2011	(Increase)/ Decrease
22. Changes in Inventories of Traded Goods			
22.1 Details at the end of the year			
Government Securities	2,682.01	2,777.98	(95.97)
Corporate Bonds	9,446.34	21,654.33	(12,207.99)
Equity Shares	-	348.90	(348.90)
Mutual Funds	8,186.80	-	8,186.80
Total	20,315.15	24,781.21	(4,466.06)
22.2 Details at the beginning of the year			
Government Securities	2,777.98	2,330.57	447.40
Corporate Bonds	21,654.33	9,770.69	11,883.65
Equity Shares	348.90	-	348.90
Total	24,781.21	12,101.26	12,679.95
	For the year ended	For the year ended	
	31-03-2012	31-03-2011	
23. Employee Benefit Expenses			
Salaries, Wages and Bonus	2,089.74	1,955.80	
Contribution to Provident Fund	24.25	43.13	
Employees Stock Option Scheme Expenses	35.87	168.81	
Reversal of ESOP Expenses on lapsed options	(155.74)	(49.47)	
Gratuity Expenses (Note No. 27)	1.85	6.17	
Staff Welfare Expenses	54.70	69.32	
Total	2,050.67	2,193.76	

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

	(₹ in Lacs)	
	For the year ended 31-03-2012	For the year ended 31-03-2011
24. Finance Costs		
Interest	23.20	868.69
Limit Processing Charges	1.83	1.05
Total	25.03	869.74
25. Depreciation and Amortization Expenses		
Depreciation of Tangible Assets	124.63	99.62
Amortization of Intangible Assets	4.63	3.49
Total	129.26	103.11
26. Other Expenses		
Advertisement Expenses	5.75	24.09
Bad Debts Written Off	301.62	104.13
Bank Charges	8.71	58.59
Bank Guarantee Charges	2.92	10.34
Business Promotion Expenses	17.27	328.71
Computer Maintenance	9.22	4.25
Conveyance Expenses	3.26	9.47
Custodian Charges	1.00	1.31
Demat Charges	0.02	0.02
Depository Charges	1.16	4.57
Delivery/Brokerage Charges	-	0.19
Directors Sitting Fees	6.59	8.80
Donation	10.26	2.45
Electricity Charges	13.35	23.92
Exchange & Statutory Charges	1.60	6.61
Filing & Compounding Fees to ROC	0.16	7.05
Foreign Exchange Loss	-	0.09
Foreign Travelling Expenses	0.25	21.51
Franking Charges	0.04	0.42
General Expenses	17.89	52.02
Insurance Charges	2.03	1.22
Lease Line Charges	3.22	3.19
Legal & Professional Fees	180.12	195.96
Listing Fees & Stock Exchange Fees	1.98	2.56

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

	(₹ in Lacs)	
	For the year ended 31-03-2012	For the year ended 31-03-2011
Loss On Sale Of Fixed Assets	4.87	-
Marketing Commission	-	1.98
Meeting & Conference Expenses	0.50	4.47
Membership & Subscription	3.86	20.78
Motor Car Expenses	56.21	79.49
Payment to Auditors (as per details given below)	7.41	8.49
Payment to Jobbers	-	14.07
Preliminary expenses Written Off	-	2.37
Printing & Stationery	11.60	23.57
Prior Period Expenses	-	1.08
Postage & Stamps	2.57	3.74
Rates & Taxes	0.65	1.42
Recruitment & Training Expenses	26.22	21.36
Rent Paid	302.94	310.76
Repairs & Maintenance	0.12	0.31
Society Charges	-	0.70
Software Expenses	3.71	3.03
Software Running Expenses	13.51	33.60
Statutory Provision for Standard Assets	97.12	-
Telephone and Internet Expenses	24.32	36.43
Travelling Expenses	72.04	125.44
Vandha Account	-	0.03
V-Sat Expenses	1.46	1.00
Total	1,217.53	1,565.59
Payment to Auditors Include		
As Auditor		
Statutory Audit Fees	4.55	5.35
Tax Audit Fees	0.50	0.50
Limited Review	1.15	1.15
Service Tax	0.06	0.05
In Other capacity		
Taxation Matters	0.60	-
Certification fees	0.55	0.30
Reimbursement of Expenses	-	1.14
Total	7.41	8.49

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

27. Retirement Benefit - Gratuity (AS -15)

From the current financial year, the Company has funded (upto previous year unfunded) Defined Benefit Obligation Plan for gratuity to its employees, who have completed five years or more of service, under the group gratuity scheme of Life Insurance Corporation (LIC) of India. The Company has created planned assets by contribution to the gratuity fund with LIC of India.

Consequent to the adoption of revised AS- 15 "Employee Benefits" issued under Companies (Accounting Standards) Amendment Rules, 2008, the following disclosures have been made as required by the standard.

A) Principal actuarial assumptions as at the balance sheet date:

Particulars	2011-12	2010-11
Discount Rate	8.00%	8.25%
Salary Escalation	5.00%	5.00%
Employee Attrition Rate	1.00% to 3.00%	2.00%

The following tables summarise the components of the net employee benefit expenses recognised in the Statement of Profit and Loss, and the fund status and amount recognised in the balance sheet for the gratuity benefit plan.

B) Changes in the present value of the defined benefit obligation are as follows:

	(₹ In Lacs)	
Particulars	2011-12	2010-11
Liability at the beginning of the Year	16.37	10.20
Interest Cost	1.32	2.07
Current Service Cost	6.89	15.76
Past Service Cost (non vested benefit)	-	-
Past Service Cost (vested benefit)	-	-
Benefits paid	-	-
Actuarial (Gain)/Loss	(6.36)	(11.66)
Liability at the end of the Year	18.22	16.37

C) The major categories of plan assets are as follows:

Particulars	2011-12	2010-11
Investments with LIC of India	20.73	NA
Actual return on plan assets	-	NA

D) Amount Recognized in Balance Sheet	2011-12	2010-11
Provision for Gratuity		
Liability at the end of the Year	18.22	16.37
Fair Value of plan assets at the end of the year	20.73	-
Difference	2.51	(16.37)
Unrecognised past service cost	-	-
Unrecognised transition liability	-	-
Amount in Balance Sheet	2.51	(16.37)

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

(₹ In Lacs)		
Particulars	2011-12	2010-11
E) Statement of Profit and Loss		
Net Employee Benefit Expenses (recognised in employee cost)		
Current Service Cost	6.89	15.76
Interest on defined benefit obligation	1.32	2.07
Net actuarial losses/(gains) recognised in the year	(6.36)	(11.66)
Past Service Cost	-	-
Actuarial (gain)/losses	-	-
Total included in employee benefit expense	1.85	6.17

28. Employee Stock Option Plan

Date of grant	October 27, 2009	
Date of Board /Committee Approval	October 27, 2009	
Date of Shareholder's Approval	September 22, 2009	
Number of options granted	825,000	
Method of Settlement (Cash/Equity)	Equity	
	Vesting Dates	No of Options
	1-Nov-2011	18,000
	1-Nov-2012	229,500
	1-Nov-2013	247,500
	1-Nov-2014	330,000
Total		825,000
Exercisable period	Within 3 Years from the Vesting date	

The details have been summarized below:

Grant Date : October 27, 2009				
	As At March 31, 2012		As At March 31, 2011	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	587,000	10	733,000	10
Add: Granted during the year	-	10	-	10
Less: Forfeited during the year	-	NA	-	NA
Less: Exercised during the year	10,700	NA	-	NA
Less: Expired/ Lapsed during the year	465,000	NA	146,000	NA
Outstanding at the end of the year	111,300	10	587,000	10
Exercisable at the end of the year	-	NA	-	NA
Weighted average remaining contractual life (in years)		4.5		5.5
Weighted average fair value of options granted		118.79		118.61

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

Stock Options Granted

The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	Year 3	Year 4	Year 5
Exercise Price	₹ 10	₹ 10	₹ 10
Expected Volatility (%)	65.52%	65.52%	65.52%
Historical Volatility	NA	NA	NA
Life of the options granted in years	3	4	5
Expected dividends per annum (₹)	2	2	2
Average risk-free interest rate (%)	8.36%	8.36%	8.36%

Effect of the employee share-based payment plans on the Statement of Profit and Loss and on its financial position:

(₹ In lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Compensation cost pertaining to equity-settled employee share-based payment plan included above	63.11	195.51
Liability for employee stock options outstanding as at year end	130.28	687.08
Deferred compensation cost	67.17	491.57

Since the enterprise used the intrinsic value method, the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

In March 2005, ICAI has issued a guidance note on “Accounting for Employees Share Based Payments” applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements applying the fair value based method defined in the said guidance note. The impact on the reported net profit and earnings per share would be as follows;

(₹ In Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Profit as reported	4,084.60	8,686.08
Add: Employee stock compensation under intrinsic value method	(132.39)	(169.46)
Less: Employee stock compensation under fair value method	(134.05)	120.85
Proforma profit	4,086.26	8,395.77
Earnings per share		
Basic (₹)		
As reported	11.73	28.10
Proforma	11.72	28.10
Diluted (₹)		
As reported	11.44	24.67
Proforma	11.43	24.66

Note :

During the year 465,000 options have lapsed. Hence, the compensation charges booked earlier have been reversed during the year resulting in net effect being credit to the Statement of Profit & Loss.

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

29. Segment Reporting (AS - 17)

Basis of Preparation:

Information is given in accordance with the requirements of Accounting Standard 17 on “Segment Reporting” issued by the Institute of Chartered Accountants of India. Revenues and expenses directly attributable to the segments are allocated to the respective segments. Those revenues and expenses which cannot be directly allocated to the segments are apportioned on a reasonable basis. Segment capital employed represents the net assets in that segment. It excludes capital reserve and tax related assets.

Business Segments:

The Company’s business is organized and management reviews the performance based on the business segments. The Company’s business may be divided into 4 major segments.

1. Investment & Trading in Securities
2. Financing Activity
3. Financial Advisory Services and
4. Broking Activity

Geographical Segments:

Company’s operations are solely in one geographic segment namely “Within India” and hence no separate information for geographic segment wise disclosure is required.

INFORMATION ABOUT BUSINESS SEGMENT FOR THE YEAR ENDED 31st MARCH, 2012

(₹ In Lacs)

PARTICULARS	Investment & Trading in Securities	Financing Activity	Financial Advisory Services	Broking Activity	Unallocated	As on 31-Mar-12
Segment Revenue	51,569.01	7,658.97	276.95	-	71.50	59,576.43
Previous Year	33,058.64	3,386.72	13,172.57	225.38	-	49,843.31
Less Inter segment Revenue	-	-	-	-	-	-
Previous Year						-
Total	51,569.01	7,658.97	276.95	-	71.50	59,576.43
Previous Year	33,058.64	3,386.72	13,172.57	225.38	-	49,843.31
Result:						
Segment Result	1,008.12	5,943.60	(490.51)	(172.35)	(258.16)	6,030.70
Previous Year	573.09	2,262.98	10,591.53	(208.67)	(467.78)	12,751.15
Provision for Tax	-	-	-	-	(1,945.47)	(1,945.47)
Previous Year	-	-	-	-	(4,068.51)	(4,068.51)
Deffered Tax	-	-	-	-	(0.82)	(0.82)
Previous Year	-	-	-	-	3.39	3.39
Income Tax Adjustments	-	-	-	-	0.19	0.19
Previous Year					0.05	0.05
Total Results	1,008.12	5,943.60	(490.51)	(172.35)	(2,204.26)	4,084.60
Previous Year	573.09	2,262.98	10,591.53	(208.67)	(4,532.85)	8,686.08

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

(₹ In Lacs)

PARTICULARS	Investment & Trading in Securities	Financing Activity	Financial Advisory Services	Broking Activity	Unallocated	As on 31-Mar-12
Capital Employed:						
Segment Assets	25,708.59	52,716.49	14.80	1,432.92	3,013.55	82,886.35
Previous Year	40,485.41	37,213.40	1,632.78	1,294.37	2,133.91	82,759.87
Segment Liabilities	-	-	-	-	-	-
Previous Year	-	14.34	-	3,426.03	-	3,440.37
Net Segment Assets	25,708.59	52,716.49	14.80	1,432.92	3,013.55	82,886.35
Previous Year	40,485.41	37,199.06	1,632.78	(2,131.66)	2,133.91	79,319.50
Other Information:						
Capital Expenditure	23.79	125.07	-	-	-	148.86
Previous Year	18.82	18.82	188.69	2.26	-	228.59
Depreciation	9.99	89.75	0.77	28.75	-	129.26
Previous Year	9.09	9.09	48.46	36.47	-	103.11

30. Disclosures as required by Accounting Standard (AS-18) 'Related Party Disclosures' in respect of transactions for the year are as under:

A. List of Related Parties over which control exists:

i) Enterprises over which Management and/or their relatives have control

1	Money Matters Infrastructure Private Limited	
2	Parijat Properties Private Limited	
3	Money Matters Advisory Pte Limited, Singapore	Wholly owned Subsidiary of Money Matters Research Private Limited (Upto March 7, 2012)

ii) Joint Ventures

1	Capstone Capital Services Private Limited (Upto February 05,2011)	
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iii) Key Management Personnel

1	Mr.Rajesh Sharma	Chairman & Managing Director
2	Mr. Nitin Pandey	Director
3	Mr. Pramod Kasat	Whole Time Director (from April 16, 2010 to March 14, 2011)
4	Mr. Sanjay Sharma	Whole Time Director (Upto February 11, 2011)
5	Mr. Sachin Shahane	Whole Time Director (Upto April 26, 2010)
6	Mr. Nitin Khinvasara	Whole Time Director (Upto April 26, 2010)

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

iv) Details of transactions during the year and closing balances as at the year end:

(₹ In Lacs)									
Sr No.	Particulars	Key Management Personnel		Joint Venture		Enterprises over which Management and/or their relatives have control		Total	
		Year Ended Mar 31, 2012	Year Ended Mar 31, 2011	Year Ended Mar 31, 2012	Year Ended Mar 31, 2011	Year Ended Mar 31, 2012	Year Ended Mar 31, 2011	Year Ended Mar 31, 2012	Year Ended Mar 31, 2011
a	Items of Statement of Profit and Loss:								
	Expenses								
	Rent Paid	0.12	0.08	-	-	197.78	178.30	197.90	178.38
	Salaries, Commission and other benefits	312.71	370.68	-	-	-	-	312.71	370.68
	Payment towards loss on termination of Joint Venture	-	-	-	22.36	-	-	-	22.36
	Loss on Investment in Step Down Subsidiary	-	-	-	-	7.01	-	7.01	-
b	Balance Sheet Items:								
	Loans Given	-	-	-	-	2.58	4.42	2.58	4.42

31. Leases (AS - 19)

Operating Leases:

The Company has taken office premises, guest houses & motor car under operating lease and the leases are of cancellable/ non-cancellable in nature. The lease arrangement are normally renewable on expiry of the lease period at the option of the lessor/ lessee ranging from 3 to 5 years. Some of the lease agreements having lease period of five years have a lock-in period of three years which are non-cancellable in nature. After the expiry of the lock-in period, the lease agreement becomes cancellable in nature at the option of the lessor or the lessee by giving 1-3 months notice to the either party. There are no restrictions imposed by the lease agreement. There is no contingent rent in the lease agreement. There is escalation clause in some lease agreements. The future minimum lease payments in respect of the non-cancellable lease are as follows :

Particulars	2011-2012	2010-2011
a) Payable not later than one year	63.00	19.49
b) Payable later than one year and not later than three years	84.25	-

The lease payments recognized in the Statement of Profit & Loss in respect of non-cancellable lease for the year are ₹ 8.75 Lacs (31 March 2011: ₹ 38.98 Lacs).

Notes to Consolidated Financial Statements

for the year ended 31 March, 2012

The lease payments recognized in the Statement of Profit & Loss in respect of cancellable lease for the year are ₹ 293.67 Lacs (31 March 2011: ₹ 269.78 Lacs).

The Company had sub-leased the office premises under operating lease in the previous year.

The lease income recognized in the Statement of Profit & Loss for the year is ₹ Nil (31 March 2011: ₹ 46.37 Lacs).

32. Earnings Per Share (AS-20)

Particulars		For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Net Profit after tax as per profit and loss account (A)	₹ In Lacs	4,084.60	8,686.08
Add : Exceptional Items (Loss on sale of shares in JV)	₹ In Lacs	-	49.95
Add : Exceptional Items (Share of loss in JV)	₹ In Lacs	-	22.36
Add : Exceptional Items (Loss on strike off of subsidiary)	₹ In Lacs	7.01	-
Net Profit after tax & before exceptional items as per Statement of Profit and Loss (B)	₹ In Lacs	4,091.61	8,758.39
Weighted average number of equity shares for calculating Basic EPS (C)	Nos.	34,871,895	30,910,151
Weighted average number of equity shares for calculating Diluted EPS (D)	Nos.	35,716,572	35,212,007
Basic earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (After exceptional items) (A)/(C)		11.71	28.10
Diluted earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (After exceptional items) (A)/(D)		11.44	24.67
Basic earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (Before exceptional items) (B)/(C)		11.73	28.33
Diluted earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (Before exceptional items) (B)/(D)		11.46	24.87
Weighted average number of equity shares for calculating EPS	Nos.	34,871,895	30,910,151
Add : Equity shares arising on conversion of warrants	Nos.	745,217	3,734,487
Add : Equity shares for no consideration arising on grant of stock options under ESOP	Nos.	99,460	567,369
Weighted average number of equity shares in calculating diluted EPS	Nos.	35,716,572	35,212,007

33. The Company believes that no impairment of assets arises during the year as per Accounting Standards - 28 "Impairment of Assets".

34. Contingent Liabilities

- On account of bank guarantee to the Central Bureau of Investigation against release of cash ₹ 12.12 Lacs (31 March 2011: Nil)
- On account of corporate guarantee to the Stock Exchanges for Margin/ Security Deposits ₹ Nil (31 March 2011: 800 Lacs)

Notes to Consolidated Financial Statements for the year ended 31 March, 2012

35. (a) Foreign Currency Earnings ₹ Nil (31 March 2011: Nil)

(b) Foreign Currency Expenditure

Professional Fees ₹ 2.28 Lacs (31 March 2011: ₹ 70.78 Lacs)

Travelling Expenses ₹ Nil (31 March 2011: ₹ 5.38 Lacs)

36. Capital and other commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 77.32 Lacs (31 March 2011 ₹ 78.61 Lacs)

b) Other Commitments ₹ Nil (31 March 2011 - Nil)

37. Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006

The Company has not transacted with any Micro and Small Enterprises as specified under MSMED Act, 2006. Hence, the disclosure requirement under Section 22 of the said Act is not applicable.

38. The 3rd (third) warrant conversion period in relation to 37,34,487 outstanding warrants of the Company commenced from 27th December, 2011 and ended on 26th March, 2012. Warrant Conversion price was fixed at ₹ 77.54 (including premium of ₹ 67.54). Warrantholders holding 8401 warrants opted for conversion to equity shares and the Company received an amount of ₹ 6.51 Lacs from the warrantholders who have exercised their option to convert warrants into equity shares. The shares were allotted on 30 March, 2012. The said proceeds were not utilized & were parked in a separate bank account. As on the end of the year, 37,26,086 warrants are outstanding.

39. In the opinion of the Board of Directors, the Current Assets and the Non - Current Assets have a value on realization in the normal course of business atleast equal to the value at which they are stated in the Balance Sheet.

40. Previous year figures

Till the year ended 31 March, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date attached

For and on behalf of

KARNAVAT & CO.

Chartered Accountants

Firm Regn. No. 104863W

For and on behalf of the Board of Directors

Rajesh Sharma

Chairman & Managing Director

Beni Prasad Rauka

Director

Shashikant Gupta

Partner

Membership No. 045629

Place: Srinagar

Date: 19th May 2012

Ashok Agarwal

Sr. Vice President Finance & Accounts

Place: Srinagar

Date: 19th May 2012

Harish Agrawal

Vice President & Company Secretary

Statement under section 212 of the companies Act, 1956

Sr No.	Name of the Subsidiary	Money Matters Securities Private Limited	Money Matters Distribution Company Private Limited	Money Matters Capital Private Limited	Money Matters Investment Advisors Private Limited	Money Matters Resource Private Limited	Money Matters Research Private Limited
1	Financial Year of the subsidiary ended on	March 31, 2012					
2	Extent of the interest of the Company in the subsidiary at the end of the Financial Year of each						
	a) Number of Shares in the subsidiary Company held by Money Matters Financial Services Limited. Nos.	25,000,000	5,000,000	2,500,000	5,000,000	50,000	10,000
	b) Shareholding per cent in the subsidiary held by Money Matters Financial Services Limited. %	100%	100%	100%	100%	100%	100%
3	The net aggregate of profits, less losses, of the subsidiary Company so far as it concerns the members of Money Matters Financial services Limited.						
	a) Not dealt with in the accounts of Money Matters Financial services Limited.						
	(i) For the Financial Year ended 31 ₹ in Lacs March, 2012	(13.36)	23.59	13.32	41.75	(0.20)	(7.25)
	(ii) For the previous financial years ₹ in Lacs since it became a subsidiary	533.87	40.45	26.29	1,334.62	(0.50)	(8.57)
	b) Dealt with in the accounts of Money Matters Financial Services Limited.						
	(i) For the Financial Year ended 31 ₹ in Lacs March, 2012	Nil	Nil	Nil	Nil	Nil	Nil
	(ii) For the previous financial years ₹ in Lacs since it became a subsidiary	Nil	Nil	Nil	Nil	Nil	Nil

During the year, the name of M/s Money Matters Advisory Pte. Ltd., Singapore (a wholly owned subsidiary of Money Matters Research Private Limited ("MMRPL")) was struck off from the Register as defunct Company w.e.f. 07 March, 2012. Amount of ₹ 7.01 lacs incurred in relation to incorporation and striking off the name from Register are accounted in MMRPL as exceptional item.

For and on behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Beni Prasad Rauka
Director

Place: Srinagar
Date: 19th May 2012

Ashok Agarwal
Sr. Vice President Finance & Accounts

Harish Agrawal
Vice President & Company Secretary

Details of Subsidiary Companies

(₹ In Lacs)

Name of the Subsidiary	Money Matters Securities Private Limited	Money Matters Distribution Company Private Limited	Money Matters Capital Private Limited	Money Matters Investments Advisors Private Limited	Money Matters Resource Private Limited	Money Matters Research Private Limited
Share Capital	2,500.00	500.00	250.00	500.00	5.00	1.00
Reserves & Surplus	533.87	40.45	26.29	1,334.62	(0.50)	(8.57)
Total Assets	4,864.49	541.23	278.14	1,841.37	4.64	0.60
Total Liabilities	4,864.49	541.23	278.14	1,841.37	4.64	0.60
Investments	3,323.17	-	-	-	-	-
Revenue	505.39	537.52	19.62	1,292.75	-	-
Profit Before Tax	(15.93)	33.41	19.38	63.22	-	-
Provision for Taxation	-	10.14	5.70	19.63	-	-
Profit after Tax	(13.36)	23.59	13.32	41.75	(0.20)	(7.25)
Proposed Dividend	-	-	-	-	-	-

During the year, the name of M/s Money Matters Advisory Pte. Ltd., Singapore (a wholly owned subsidiary of Money Matters Research Private Limited ("MMRPL")) was struck off from the Register as defunct Company w.e.f. 07 March, 2012. Amount of ₹ 7.01 lacs incurred in relation to incorporation and striking off the name from Register are accounted in MMRPL as exceptional item.

For and on behalf of the Board of Directors

Rajesh Sharma
Chairman & Managing Director

Beni Prasad Rauka
Director

Place: Srinagar
Date: 19th May 2012

Ashok Agarwal
Sr. Vice President Finance & Accounts

Harish Agrawal
Vice President & Company Secretary

Notes





Money Matters

1-B, Court Chambers,
35, Sir Vithaldas Thackersey Marg,
New Marine Lines, Mumbai – 400020.