



MAS FINANCIAL SERVICES LIMITED

10th ANNUAL REPORT 2004-05

BOARD OF DIRECTORS

SHRI KAMLESH CHIMANLAL GANDHI (M.D.)
SHRI MUKESH CHIMANLAL GANDHI
SHRI SIDDHARTH PRAVINCHANDRA SHAH
SHRI BALA BHASKARAN

BANKERS

DENA BANK-ASHRAM ROAD,
INDUSIND BANK LTD.
CITY UNION BANK LTD.
STATE BANK OF SAURASHTRA
UTI BANK LIMITED
ICICI BANK LIMITED
IDBI BANK LIMITED

AUDITORS

CHANDRAKANT K. THAKKAR & CO.
CHARTERED ACCOUNTANTS
6, JAY SHREE APPARTMENTS,
UDYANMARG, LAW GARDEN, ELLISBRIDGE,
AHMEDABAD - 380 006.

REGISTERED OFFICE

6, GROUND FLOOR, NARAYAN CHAMBERS,
BEHIND PATANG HOTEL,
ASHRAM ROAD,
AHMEDABAD - 380009.

NOTICE

NOTICE is hereby given that TENTH ANNUAL GENERAL MEETING of the Members of MAS FINANCIAL SERVICES LTD. will be held on 30th September, 2005 at the Registered office of the Company, 6, Ground Floor, Narayan chambers, B/H, Patang, Ashram Road, Ahmedabad: 380009 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To Consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2005, the Balance Sheet as on that date and the report of the Director's and Auditors thereon.
2. To appoint a Director in place of Mr. Siddharth P. Shah who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/S Chandrakant K. Thakkar & Co. Chartered Accountants, Ahmedabad as Auditors of the company to hold the office from the conclusion on this meeting until the conclusion of the next Annual General meeting on a remuneration as maybe fixed by the Board of Directors of the Company.
4. To declare dividend on Equity Shares.

Notes :

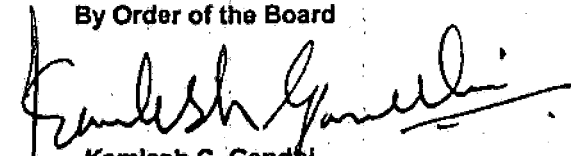
1. A Member entitled to attend and vote is entitled to appoint a Proxy or Proxies to attend and vote instead of himself on a poll and that a proxy need not be a member. The proxy form, in order to be valid and effective, must be delivered at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. The Register of members and Share Transfer Books of the Company will remain closed from Saturday 24th September, 2005 to Friday 30th September, 2005 (Both days inclusive) for the purpose of Annual General Meeting to be held on 30th September, 2005 and payment of Dividend for the financial year ended on 31st March, 2005.
3. Members desiring any information as regards the accounts are requested to write to the Company at least ten days in advance so as to enable the management to keep the information ready.
4. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
5. Members are requested to notify immediately any change in their address to the Company.

Place : Ahmedabad

Date : 31st August, 2005

Registered Office
6, Ground Floor,
Narayan Chambers,
B/H Patang, Ashram Road,
Ahmedabad - 380009

By Order of the Board


Kamlesh C. Gandhi
(Chairman & Managing Director)

DIRECTORS' REPORT

To,
The Members,
MAS FINANCIAL SERVICES LTD.
AHMEDABAD.

Your Directors are happy to present the TENTH ANNUAL REPORT of your Company together with the Audited Accounts drawn for the year ended 31st March 2005.

FINANCIAL RESULTS :

	Year Ended 31/03/05 RUPEES	Year Ended 31/03/04 RUPEES
Hire Charges	1,26,286	4,19,674
Interest on Loan cum Hypothecation Agreements (Net)	8,75,63,684	5,21,35,054
Income From Operations & Other Income	21,05,324	1,53,29,507
Total Income	8,97,95,294	6,78,84,235
Total Expenditure	7,92,72,549	6,10,35,441
Profit Before Taxes	1,05,22,745	68,48,794
Provision for Taxation (Including Income Tax of earlier Years)	35,00,000	17,62,463
Profit After Taxes	70,22,745	50,86,331
Profit Brought Forward	1,91,27,654	1,55,49,007
Profit Available for Appropriation	2,61,50,399	2,06,35,338
<u>APPROPRIATIONS :</u>		
Transfer to Statutory Reserve	14,04,549	10,89,759
Proposed Dividend	4,00,000	3,70,460
Corporate Tax on Dividend	56,100	47,465
Balance of Profit & Loss A/c.	2,42,89,750	1,91,27,654
	26,150,399	20,63,51,398

DIVIDEND

Your Company firmly believes in consolidation of its Reserves and Surplus which is one of the major indicator of its financial strength. In consistence with the above policy your Directors Proposes 1% dividend on Equity Shares.

FINANCIAL HIGHLIGHTS

Your Company one of the medium sized private sector Non Banking Finance Company (NBFC) having strong presence in Regional Market , has reputed satisfactory financial & operational performance during the year ended 31st March, 2005. Despite changing techno economic conditions, stringent regulatory norms, Stiff competition faced from banks, Financial Institution, with relatively low cost of funds, your company has showed encouraging results with its prudent policies and conscious decisions. The gross income realised by the company is Rs.897.95 lacs (Previous year Rs.678.84 lacs) comprising of Hire Purchase Income and Interest Income on Loan Cum Hypothecation Agreements. Net Profit after tax is Rs. 70.22 lacs (Previous year Rs.50.86 lacs).

CAPITAL

The Total Issued and Paid-Up Capital at the end of the Tenth Year: - Equity Share Capital Rs. 4,00,00,000(Four Crores).

PROSPECTS :-

For financial services industry "now dawn is emerging after prolonged dark night". Tremendous opportunities are unfolding for NBFC sector in retail lending business. You might have certainly observed the cultural change that is taking place in our society where "spending" is given priority over "saving". A centuries old tradition is being given good bye. Growing consumerism, several new products and services are opening up lots of new avenues for spending and thus for financing, as new generation is less averse to incurring debt. In India retail lending is abysmally low- only 4% to 5% of our GDP, whereas in developed countries like USA it is around 70%. Thus, we have a long way to go in covering this journey, with rise in our GDP in the range of 6% to 7%, sky is the limit for growth. In retail lending NBFCs have skill and definite role to play being regional players in majority of cases. Although, the market is becoming very competitive, but still there is space for every one as the cake is too large. In such a scenario NBFC's can play a complimentary role to the banks rather than becoming their competitors. In retail lending back office management and recovery play very important role, as they are the major cost components. The NBFCs have cost advantage in these areas and hence can take their position in the overall distribution channel. NBFCs can be an outsourcing medium for banks not only for marketing of bank products but also for recovery function in view of their reach and cost effective operations.

Your company offers a range of products and services that caters to almost every need of its customers in retail segment. Automobile & Consumer Durable Sales are expected to grow in the years to come, driven by a strong marketing thrust given by leading national and international Auto giants and FMCG Companies. Because of your company's excellent recovery ratio, large dealer's network, established name presence, well developed organization channel, large customer base, knowledge of the local market and willingness to re-strategies to keep pace with the developments, company's management is confident to emerge out as strong player in the industry of this Region. Your company is well positioned to take advantage of the opportunities in the market and post a satisfactory performance in the current year.

STATUTORY COMPLIANCE :

The Company has made a provision of Rs. 35.13 Lacs for the year towards non-performing assets, fully complying with the provisioning requirement of the Prudential Norms prescribed by Reserve Bank of India. The company has also complied with the directions issued by Reserve Bank of India regarding Capital Adequacy, Asset classification and provisioning norms.

Your company does not rely much on fixed deposits as source of fund for its growth. Fixed Deposit with company on date of balance sheet amounts to only 2.4% of its total resources. Your company has decided to do away with this source in due course of time. In the current year the process has already been started.

The company has continued to follow the consistent policy of deferring the corporate publicity and advertisement expenditure and debenture issue expenses. Looking to the consistency in accounting policy the company has decided to implement accounting standard AS-26 at appropriate future date.

Your company is in process of strengthening its internal audit to commensurate with the future growth.

RECOVERY

Your Company continues to give prime importance to the function of receivables management as it considers this the ultimate reflection of the correctness of its marketing strategy as well as its appraisal techniques. However, it is a matter of concern, that certain unhealthy practices have come into vogue, which do not augur well for the long term health of the industry- specific reference is made to the practice of providing 100% finance with no contribution from the borrower. This, combined with the longer tenures puts lenders at great risk in the event of a downturn. The debacle of NBFCs in the past is not too distant in our memories. Despite of increase in its receivables, your company could achieve almost 94%

recovery, with overdue of above 6% only. It may be noted that the above mentioned 6% debtors are under strictest surveillance of follow up. The NPA Accounts of the company stands at merge Rs.63.01 Lacs i.e. approximately 1.04 % of its Credit exposure.

The main reasons for such an excellent recovery performance are as follows:

- 1) Proper appraisal techniques.
- 2) Vigorous follow up.
- 3) Very close monitoring.
- 4) Wide customer base.
- 5) No long tenures.
- 6) Excellent marketing strategy.
- 7) Class of repeat satisfied customers.
- 8) Quality Assets

RESOURCES:

Your Company enjoys the confidence of its Bankers and investors. Your Company is thankful to all its bankers under consortium finance.

INSURANCE:

The assets of your Company have been adequately insured.

FIXED DEPOSIT

At the close of the year deposit matured but not claimed were Rs. 3.00 Lacs and No. of accounts 1.

LEGISLATIVE AND REGULATORY ISSUES

It is indeed unfortunate that the genuine demands of NBFCs continue to remain unresolved. Over the years, regulation has, rightly, focused on investor protection. It must however be borne in mind, that the most important element in investor protection is a healthy NBFC sector. Investor protection can only be strengthened if NBFCs have the legal remedies to protect their assets.

The denial of the legal remedies and tax benefits that are available to banks and housing finance companies, is clearly without justification and fails the test of equity. The Parliamentary Standing Committee on Finance has also made several recommendations towards providing NBFCs a level playing field with banks. The industry association should once again urge the Government and RBI to take immediate steps to restore parity among the various constituents in the financial system.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Directors confirm that :

1. In the preparation of the annual accounts for the Financial Year ended 31st March, 2005 the applicable accounting standards have been followed.
2. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2005 and of the profit for the period from 1st April, 2004 to 31st March, 2005.

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The annual accounts for the financial year ended 31st March 2005 have been prepared on a "Going Concern Basis".

STATUTORY INFORMATION

Particulars of Employees

The information as required Under Section 217 (2A) of the Companies Act, 1956 read with the companies (Particulars of Employee) Rules 1975, is NIL.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo:

The Company has no activities relating to Conservation of energy or Technology Absorption. The company has no Foreign Exchange earnings and outflow.

AUDITORS

M/S. Chandrakant K. Thakkar & Co., auditors of the Company retire at the ensuing Annual General Meeting of the company and are eligible for reappointment. The members are requested to consider their reappointment for the financial year 2005-06.

DIRECTORS

In Accordance with the requirement of the Companies Act, 1956 and Articles of Association of the Company, Shri Siddharth P. Shah, Director of the Company retires by rotation and being eligible offers himself for re-appointment.

ACKNOWLEDGEMENT

The Directors place on record their appreciation to all those people who have so willingly placed their trust in the company & its management, those who have given the company opportunity to serve them, those whose commitment and dedication have endeared your company to a wide cross section of people. This journey would not have been possible without their support. Thank you.

Place : Ahmedabad
Date : 31st August, 2005

For and on behalf of the Board of Directors


KAMLESH C. GANDHI
(CHAIRMAN & MANAGING DIRECTOR)

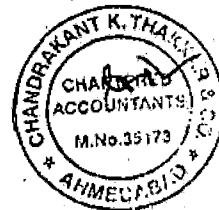
Chandrakant K. Thakkar & Co.

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

We have audited the attached Balance Sheet of Mas Financial Services Limited as at 31st March, 2005 and also the annexed Profit and Loss Account and the cash flow statement of the company for the year ended on that date. 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.

- 1) 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 2) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.
- 3) Further to our comments in the Annexure referred to in paragraph 2 above, we report that :-
 - a) 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;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by the report are in agreement with the books of account ;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the



Chandrakant K. Thakkar & Co.

CHARTERED ACCOUNTANTS

accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except AS-26 on "Intangible Assets".

e) On the basis of written representations received from the Directors, as on 31st March, 2005, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

f) Attention is drawn to Note No. in schedule "P" of the Financial Statement regarding non compliance of AS-26 on "Intangible Assets."

Subject to our above stated comments, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon 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;

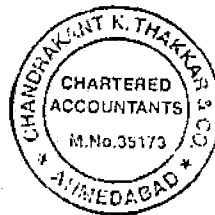
(1) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;

(2) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

(3) In the case of the Cash Flow Statement of the cash flow for the year ended on that date.

FOR, CHANDRAKANT K. THAKKAR & CO.
CHARTERED ACCOUNTANTS

Place : Ahmedabad.
Date : 31st August, 2005




CHANDRAKANT K. THAKKAR
(PROPRIETOR)
Membership No. 35173

Chandrakant K. Thakkar & Co.

CHARTERED ACCOUNTANTS

ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph 2 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) According to the information and explanation given to us, the fixed assets have been physically verified by the management at reasonable intervals, in a phased verification programme, which in our opinion is reasonable looking to the size of the company and nature of its business. According to information and explanation given to us, during the year no material discrepancies have been noticed on such verification.

(c) The company has not disposed off substantial part of fixed assets during the year.

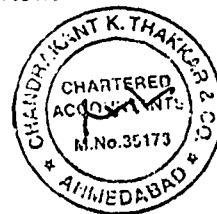
ii. The company being a Non Banking Finance Company, has no inventory. Accordingly the provisions of clauses 4(ii)(a), (b) & (c) of the Companies (Auditors Report) Order are not applicable to the company.

iii. As per the information and explanation given to us and the records produced to us for our verification, the company has neither granted nor taken any loans, secured or unsecured to or from Companies, Firms or other parties covered in the register maintained under section 301 of the companies Act, 1956.

iv. In our opinion & according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of fixed assets and sale of services. During the course of our audit, no major weakness in internal control, had come to our notice.

v. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the companies Act, 1956 have been so entered.

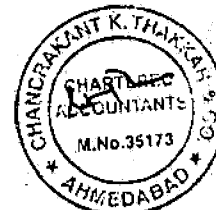
(b) In our opinion and according to information and explanations given to us, the company has not entered into any transaction in pursuance of contract, or arrangement that are required to be entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year under review.



Chandrakant K. Thakkar & Co.

CHARTERED ACCOUNTANTS

- vi. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the companies Act, 1956 and the rules framed there under with regard to deposits accepted from the public except pending rating from rating agency. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Court or any other Tribunal.
- vii. The scope and coverage of the Internal Audit system needs to be enlarged to make it commensurate with the size and operation of the business.
- viii. The company being a Non Banking Finance Company, no cost records are required to be maintained. Accordingly the provisions of clauses 4(viii) of the Companies (Auditors Report) Order are not applicable to the company.
- ix. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, investor education and protection fund, sales tax, wealth tax, custom duty, excise duty and other material statutory dues applicable to it, except Service tax.
- (b) Based on our audit procedures and according to the information and explanations given to us, there are no arrears of undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty, excise duty or any other cess, as at 31st March, 2005 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us and records of the company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- x. The company has no accumulated losses as at 31st March, 2005 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



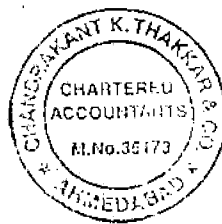
Chandrakant K. Thakkar & Co.


CHARTERED ACCOUNTANTS

- xiii. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
- xv. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanation given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- 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 Act during the year.
- xix. According to the information and explanations given to us, during the period covered by our audit report, the company has issued 6,726 debentures of Rs. 1000 each. The company has created security or charge in respect of debentures issued.
- xx. The company has not raised any money by public issue during the year.
- xxi. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year during the course of our audit, nor have we been informed of such case by the management.

FOR, CHANDRAKANT K. THAKKAR & CO.
CHARTERED ACCOUNTANTS

Place : Ahmedabad.
Date : 31st August, 2005




CHANDRAKANT K. THAKKAR
(PROPRIETOR)
Membership No. 35173

BALANCE SHEET AS AT 31ST MARCH, 2005.

	SCHEDULE	RUPEES	31/03/05 RUPEES	31/03/04 RUPEES
SOURCES OF FUNDS				
SHAREHOLDER'S FUNDS				
Share Capital	A	40,000,000		40,000,000
Reserves & Surplus	B	32,803,016		26,236,371
			72,803,016	66,236,371
Deferred Subsidy	C		383,443	
LOAN FUNDS				
Secured Loans	D	184,300,121		151,974,110
Unsecured Loans	E	98,959,837		107,987,348
			283,259,958	259,961,458
			<u>356,446,417</u>	<u>326,197,829</u>
APPLICATION OF FUNDS				
Fixed Assets	F			
Gross Block		35,291,623		29,967,060
Less : Depreciation		12,680,431		10,604,724
Net Block		22,611,192		19,362,336
Capital Work in Progress		2,500,000		2,500,000
			25,111,192	21,862,336
Investments	G		1,322,741	1,381,698
Current Assets, Loans & Advances	H			
Current Assets		33,430,416		49,730,815
Loans and Advances		324,608,007		261,383,260
			358,038,423	311,114,075
Less :				
Current Liabilities & Provisions	I			
Current Liabilities		24,615,801		7,421,771
Provisions		6,923,673		3,869,498
			31,539,474	11,291,269
Net Current Assets			326,498,949	299,822,806
Miscellaneous Expenditure (To the extent not written off or adjusted)	J		3,513,535	3,130,989
			<u>356,446,417</u>	<u>326,197,829</u>
Significant Accounting Policies and Notes on Accounts	P			

As per Our Report Attached

For, CHANDRAKANT K. THAKKAR & CO.,
CHARTERED ACCOUNTANTS

(CHANDRAKANT K. THAKKAR)
PROPRIETOR



For and on behalf of Board of Directors

KAMLESH C. GANDHI
(CHAIRMAN & MANAGING DIRECTOR)

MUKESH C. GANDHI
(WHOLE TIME DIRECTOR)

SIDDHARTH P. SHAH
(DIRECTOR)

KINARI SHAH
(COMPANY SECRETARY)

Place : Ahmedabad
Date : 31st August 2005.

MAS FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005.

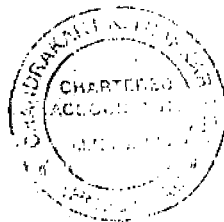
	SCHEDULE	2004-2005 RUPEES	2003-2004 RUPEES
INCOME			
Hire Charges (Net)		126,286	419,674
Interest on Loan cum Hypothecation Agreements (Net) (Tds Rs.4005/- P. Y Rs. 10776/-)		87,563,684	52,135,054
Income from Operations	K	1,745,920	15,133,580
Other Income	L	359,404	195,927
		89,795,294	67,884,235
EXPENDITURE			
Personnel Expenses	M	8,899,135	6,444,844
Administrative & Other Expenses	N	40,370,143	21,844,204
Finance & Bank Charges	O	26,919,417	30,221,630
Depreciation		3,083,854	2,524,763
		79,272,549	61,035,441
Profit Before Taxation		10,522,745	6,848,794
Provision for Tax		3,500,000	1,400,000
Profit After Tax		7,022,745	5,448,794
Income Tax of Earlier Years		0	362,463
		7,022,745	5,086,331
Profit Brought forward		19,127,654	15,549,007
Profit available for appropriation		26,150,399	20,635,338
APPROPRIATION			
Reserve u/s 45-IC of RBI Act 1934		1,404,549	1,089,759
Proposed Dividend		400,000	370,460
Corporate Tax on Dividend		56,100	47,465
Balance of Profit & Loss A/c.		24,289,750	19,127,654
		26,150,399	20,635,338

Significant Accounting Policies
and Notes on Accounts

P

As per Our Report Attached,
For CHANDRAKANT K. THAKKAR & CO.,
CHARTERED ACCOUNTANTS

(CHANDRAKANT K. THAKKAR)
PROPRIETOR



For and on behalf of Board of Directors

KAMLESH C. GANGHI
(CHAIRMAN & MANAGING DIRECTOR)

MUKESH C. GANGHI
(WHOLE TIME DIRECTOR)

SIDDHARTH P. SHAH
(DIRECTOR)

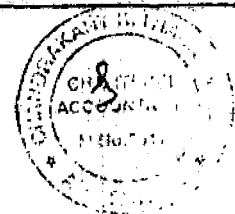
KINNHART SHAH
(COMPANY SECRETARY)

Place : Ahmedabad
Date : 31st August'2005

MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH'2005.

	31/03/05 RUPEES	31/03/04 RUPEES
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED :		
40,00,000 Equity Shares of Rs. 10/- each.	40,000,000	40,000,000
	40,000,000	40,000,000
ISSUED, SUBSCRIBED AND PAID UP :		
40,00,000 Equity Shares of Rs. 10/-each fully paid-up.*	40,000,000	40,000,000
	40,000,000	40,000,000
Note:-		
* Out of the above 9,14,800 Equity Shares of Rs. 10/- each are allotted as fully paid up for consideration other than cash.		
	31/03/05 RUPEES	31/03/04 RUPEES
SCHEDULE - B		
RESERVES AND SURPLUS		
1. Reserve u/s. 45-IC of RBI Act, 1934 :		
Balance as per last Balance Sheet	6,153,717	5,063,958
Add : Transferred from Profit & Loss Account	1,404,549	1,089,759
	7,558,266	6,153,717
2. Profit and Loss Account	24,289,750	19,127,654
3. Capital Redemption Reserve	955,000	955,000
	32,803,016	26,236,371
	31/03/05 RUPEES	31/03/04 RUPEES
SCHEDULE - C		
DEFERRED SUBSIDY		
Received During the Year	386,397	-
Less : Recouped During the Year	2,954	-
	383,443	-
	383,443	-



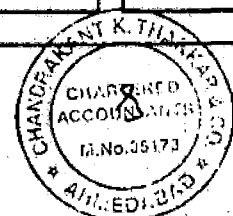
SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH'2005.

	31/03/05 RUPEES	31/03/04 RUPEES
SCHEDULE - D		
SECURED LOANS		
From Banks :		
Cash Credit	127,886,634	113,120,105
Non Convertible Redeemable Debentures (Refer Note No. 5 to Schedule "P")	42,093,752	37,853,000
Term Loan From Financial Institution	10,000,000	-
Term Loan From Banks	4,319,735	1,001,005
	184,300,121	151,974,110

NOTES :

- 1 Cash Credit facility is secured by hypothecation of Movables & Book Debts. Equitable Mortgage by deposit of title deeds of some of the Company's Immovable Property and also guaranteed by some of the directors.
- 2 Non Convertible Debentures are secured by first charge and legal mortgage in English form of Shop No. B/7. at Narayan chamber, Ahmedabad and secured by way of second charge by hypothecation of Movables & Book Debts.
- 3 Term Loan from financial institution is secured by primary security of hypothecation of movables and book debts and lien on Bank Fixed Deposit.
- 4 Term Loan from bank is secured by hypothecation of builing and vehicle financed by said bank.

	31/03/05 RUPEES	31/03/04 RUPEES
SCHEDULE - E		
UNSECURED LOANS		
Fixed Deposits	9,679,500	6,960,500
Inter Corporate Deposits	13,548,900	8,353,782
Security Deposits From customers Against Advances	75,731,437	92,873,068
	98,959,837	107,987,348



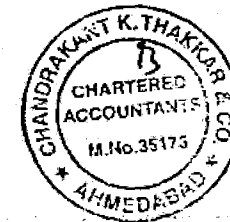
MAS FINANCIAL SERVICES LIMITED

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH'2005.

SCHEDULE - F

FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	OPENING BALANCE AS ON 1-04-04 RUPEES	ADDITIONS DURING THE YEAR RUPEES	DEDUCTIONS DURING THE YEAR RUPEES	TOTAL AS ON 31-03-05 RUPEES	OPENING BALANCE AS ON 1-04-04 RUPEES	ADDITIONS DURING THE YEAR RUPEES	DEDUCTIONS DURING THE YEAR RUPEES	TOTAL UPTO 31-03-05 RUPEES	AS AT 31-03-05 RUPEES	AS AT 31-03-04 RUPEES
Office Building	7,943,644	2,749,825	-	10,693,469	718,214	137,609	-	855,823	9,837,646	7,225,430
Office Equipments	14,477,516	1,642,391	571,315	15,548,592	7,032,398	2,236,203	385,048	8,883,553	6,665,039	7,445,118
Furniture & Fixtures	3,997,095	722,507	-	4,719,602	1,206,531	339,945	-	1,546,476	3,173,126	2,790,564
Vehicles	3,548,805	1,972,801	1,191,846	4,329,960	1,647,581	370,097	623,099	1,394,579	2,935,381	1,901,224
Total :	29,967,060	7,087,524	1,762,961	35,291,623	10,604,724	3,083,854	1,008,147	12,680,431	22,611,192	19,362,336
Previous Year	26,451,190	3,748,960	233,090	29,967,060	8,218,729	2,524,763	138,768	10,604,724	19,362,336	-



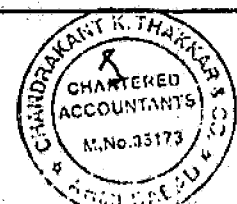
MAS FINANCIAL SERVICES LIMITED

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2006.

SCHEDULE - G

INVESTMENTS :

	FACE VALUE PER SHARE/ BOND RUPEES	2004-2005		2003-2004	
		NO. OF SHARES/ BONDS	VALUE RUPEES	NO. OF SHARES/ BONDS	BOOK VALUE RUPEES
LONG TERM INVESTMENTS (AT COST) :					
Quoted (Fully paid up) :					
(A) In Government Securities :					
11.5% GOI BOND 2008	164,000	-	155,308	-	155,308
11.5% GOI BOND 2015	795,000	-	761,213	-	761,213
14.0% GOI BOND 2005	100,000	-	104,000	-	104,000
12.3% GSFC BOND 2007-V	100,000	-	0	-	100,000
11.5% IDBI BOND 2009	100,000	-	103,198	-	103,198
			<u>1,123,719</u>		<u>1,223,719</u>
(B) In Equity Shares :					
Apple Finance Ltd.	10	100	2,150	100	2,150
Centurion Bank Ltd.	1	100	2,469	100	2,469
Dena Bank	10	3,209	88,443	1,200	36,000
Gujarat Lease Financing Ltd.	10	125	4,875	125	4,875
ICICI Bank Ltd	10	3	4,560	3	4,560
IndusInd Bank Ltd.	10	102	4,590	400	18,000
Kotak Mahindra Bank Ltd.	10	50	1,950	50	1,950
Ashok Leyland Finance Ltd.	10	1	52	1	52
Cholamandalam Finance Ltd.	10	1	53	1	53
First Leasing Finance Ltd.	10	1	23	1	23
HDFC Bank Ltd.	10	1	435	1	435
Athena Finance Ltd. (*)	10	1	7	1	7
Tata Finance Ltd.	10	1	54	1	54
Reliance Capital Ltd.	10	1	77	1	77
Less : Provision for diminution			(46,641)		(48,651)
(*) Earstwhile Kinetic Capital Finance Ltd.			<u>63,097</u>		<u>22,054</u>
Unquoted (Fully paid up) :					
(C) In Equity Shares :					
Co.op. Bank of Ahmedabad Ltd.	25	277	6,925	277	6,925
The Bhagyodaya Co-Op-Bank Ltd.	100	1290	129,000	1290	129,000
			<u>135,925</u>		<u>135,925</u>
TOTAL (A+B+C)			<u>1,322,741</u>		<u>1,381,698</u>
NOTES :					
Aggregate value of Quoted Investments :					
Cost/Book Value			1,233,457		1,294,424
Market Value			1,253,001		1,245,773
Aggregate value of unquoted Investments :					
Cost/Book Value			135,925		135,925



MAS FINANCIAL SERVICES LIMITED

Annual Report 2004-2005

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH'2005.

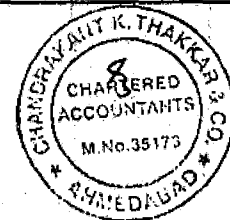
	RUPEES	31/03/05 RUPEES	31/03/04 RUPEES
SCHEDULE - H			
CURRENT ASSETS, LOANS AND ADVANCES			
CURRENT ASSETS :			
Interest Accrued on Investments		55,050	60,159
Cash & Bank Balances			
Cash on Hand	3,282,378		2,104,743
Balance with Scheduled Banks :			
In Current Account	5,186,332		6,060,392
In Fixed Deposit Account	5,220,000		270,000
Balance with Other Banks :			
In Current Account	23,657		97,783
In Fixed Deposit Account	40,000		40,000
		13,752,367	8,572,918
Sundry Debtors, Secured			
(a) Debts outstanding for a period exceeding six months			
(1) Considered good	3,996,906		3,151,476
(2) Considered doubtful	4,645,481		7,076,535
	8,642,367		10,228,011
(b) Other debts considered good	13,084,232		7,849,585
	21,726,599		18,077,596
Less : Provision for Non-Performing Assets	2,329,907		1,767,222
		19,396,692	16,310,374
CARRIED FORWARD		33,204,109	24,943,451



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 2005.

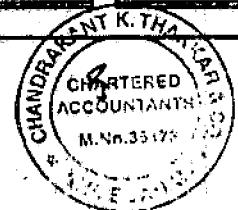
	RUPEES	RUPEES	31/03/05 RUPEES	31/03/04 RUPEES
SCHEDULE - H				
CURRENT ASSETS, LOANS AND ADVANCES (Contd..)				
BROUGHT FORWARD		33,204,109		24,943,451
I) Stock on Hire under Hire-Purchase Agreement * (Net of Un-Matured Hire Charges)		226,307		24,787,364
* Includes repossessed stock at estimated realisable value.				
			<u>33,430,416</u>	<u>49,730,815</u>
LOANS AND ADVANCES :				
II) Advances to customers under Loan cum Hypothecation Agreements * (Secured, Considered Good)	307,255,289			256,617,516
* Includes repossessed assets at estimated realisable value.				
Less : Unmatured Interest Charges	71,804,899			34,055,297
		235,450,390		222,562,219
TOTAL HIRE PURCHASE AND LOAN PORTFOLIO(I + II) Rs.	235,676,697			
Other Loans And Advances				
Advances recoverable in cash or in kind or for value to be received.(Unsecured, Considered Good)		82,657,505		35,903,418
Advance Income-Tax		6,500,112		2,917,623
			<u>324,608,007</u>	<u>261,383,260</u>
			<u>358,038,423</u>	<u>311,114,075</u>



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH'2005.

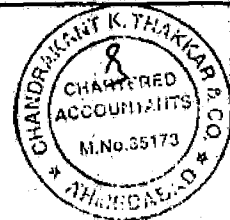
	RUPEES	31/03/05 RUPEES	31/03/04 RUPEES
SCHEDULE - I			
CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES :			
Sundry Creditors	24,043,835		6,978,071
Debenture Application Money	223,886		253,150
Tax Deducted At Source	244,840		72,803
Interest Accrued But Not Due	103,240		117,747
		24,615,801	7,421,771
PROVISIONS :			
Proposed Dividend	400,000		370,460
Corporate Tax on Dividend	56,100		47,465
Gratuity	-		484,000
Provision for Taxation	6,467,573		2,967,573
		6,923,673	3,869,498
		31,539,474	11,291,269
SCHEDULE - J			
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
(1) PRELIMINARY EXPENSES			
Balance as per Last Balance Sheet	3,170		6,340
Add : Incurred During the Year	-		-
	3,170		
Less : Written off during the year	3,170		3,170
			3,170
(2) DEFERRED CORPORATE PUBLICITY AND MARKET DEVELOPMENT EXPENSES			
Opening Balance	2,609,691		1747410
Add : Incurred During the Year	3,091,135		2611733
	5,700,826		4359143
Less : Written off during the year	2,769,063		1749452
		2,931,763	2609691
(3) NON CONVERTIBLE DEBENTURE ISSUE EXPENSES			
Opening Balance	518,128		-
Add : Incurred During the Year	241,470		647,660
	759,598		647,660
Less : Written off during the year	177,826		129,532
		581,772	518,128
		3,513,535	3,130,989



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2005.

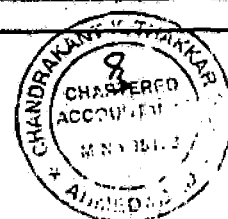
	2004-2005 RUPEES	2003-2004 RUPEES
SCHEDULE - K		
INCOME FROM OPERATIONS		
Commission, Service Charges, Stamp & Document Charges, Fine (Net)	1,745,920	15,133,580
	<u>1,745,920</u>	<u>15,133,580</u>
SCHEDULE - L		
OTHER INCOME		
Income from Investments (Gross) (Tax Deducted at Source Rs.2505/-, Previous Year Rs.2522/-)	147,546	148,306
Dividend Income	15,811	17,983
Interest on Bank Deposits (Gross) (Tax Deducted at Source Rs.6960/-, Previous Year Rs.4930/-)	186,681	29,638
Profit on sale of Shares	6,412	-
Miscellaneous Income	2,954	-
	<u>359,404</u>	<u>195,927</u>



MAS FINANCIAL SERVICES LIMITED**SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH'2005.**

	2004-2005 RUPEES	2003-2004 RUPEES
SCHEDULE - M		
PERSONNEL EXPENSES		
Salaries, Bonus & Allowances	8,237,564	5,510,245
Contribution to Provident Fund, ESI & Gratuity	559,543	847,198
Staff Welfare Expenses	102,028	87,401
	<u>8,899,135</u>	<u>6,444,844</u>

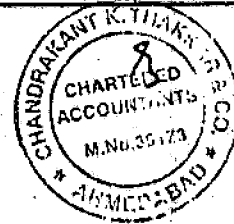
	2004-2005 RUPEES	2003-2004 RUPEES
SCHEDULE - N		
ADMINISTRATIVE & OTHER EXPENSES		
Rent, Rates & Taxes	1,084,936	537,228
Stationery & Printing	978,733	707,158
Telephone Expenses	2,417,459	1,878,507
Legal & Professional Fees	2,912,128	2,107,730
Insurance Premium	460,553	186,740
Advertisement Expenses	3,126,429	1,831,040
Conveyance Expenses	1,298,920	900,777
Travelling Expenses	1,602,190	1,198,929
Auditor's Remuneration	41,876	41,040
Repairs & Maintenance - Building	101,912	122,486
- Others	<u>578,127</u>	<u>374,543</u>
	680,039	497,029
Director's Sitting Fees	10,000	6,000
Office Expenses	1,467,646	1,323,320
Provision for Non Performing Assets	562,685	15,311
Bad Debts	2,951,091	1,713,074
Donation	132,001	115,252
Provision for Diminution in Investments	(2,010)	(58,592)
Sundry Balances Written Off (Net)	3,148,428	1,248,515
Sales Promotion Expenses	1,312,433	309,760
Commission	14,529,668	6,039,363
Miscellaneous Expenses	1,273,425	1,172,473
Loss on Sale of Fixed Assets	381,513	62,822
Loss on Sale of Shares	-	10,728
	<u>40,370,143</u>	<u>21,844,204</u>



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH'2005.

	2004-2005 RUPEES	2003-2004 RUPEES
SCHEDULE - O		
FINANCE & BANK CHARGES		
Interest on Bank Loans, Institutions & Others (Net)	14,741,677	21,736,351
Bank Charges / Commission	7,534,081	4,628,931
Bill Discounting Charges	267,993	365,609
Financial Charges/commission	812,594	1,521,635
Interest On Debenture	3,563,072	1,969,104
	26,919,417	30,221,630



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

SCHEDULE - P

1. SIGNIFICANT ACCOUNTING POLICIES :

A. ACCOUNTING METHODOLOGY :

The accounts have been prepared on historical cost basis of accounting. The Company adopts the accrual system of accounting unless otherwise stated.

B. REVENUE RECOGNITION :

- (i) Hire Purchase Finance Charges and Interest Income on Advances under Loan cum Hypothecation are apportioned over the period of contract applying Implicit Rate of Return on outstanding investment.
- (ii) The interest share received on three wheelers finance business of HDFC Bank Ltd procured through company is accounted on accrual basis.
- (iii) Discount and Commission are taken on accrual basis.
- (iv) Fine, Dividend income and Insurance claim are accounted on receipt basis.

C. FIXED ASSETS

All the fixed assets have been stated at cost inclusive incidental expenses Less accumulated Depreciation.

D. DEPRECIATION :

Depreciation is provided on Straight Line Method, as per the rates prescribed under schedule XIV of the Companies Act , 1956.

E. AMORTISATION :

1. Preliminary expenses are deferred to be amortised over a period of ten years.
2. Corporate Publicity and Market Development Expenses are being amortised over a period of three years.
3. Debenture Issue Expenses are being amortised over a period of five years.



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

SCHEDULE - P

4.

F. STOCK ON HIRE/ADVANCES UNDER LOAN CUM HYPOTHECATION :

The value of Stock on Hire and Advances under loan cum hypothecation is arrived at by reducing instalments Received/Due from the Cost of assets, and are net of securitisation.

G. INVESTMENT :

All investments held by the company are treated as long term investments and provision is made in case of permanent diminution in the market value of investment.

H. RETIREMENT BENEFITS

Contribution to Provident Fund and Employee's State Insurance are charged to Profit & Loss Account. The company has created an Employee's Group Gratuity Fund which has taken a Group Gratuity-Cum-Life Insurance policy from Life Insurance Corporation Of India. Gratuity is provided on the basis of the above policy.

I. TRANSFER AND RECOURSE OBLIGATIONS UNDER DEBT SECURITISATION

The company assigns commercial and consumer loans under securitisation transactions. The assigned loans are derecognized and gains/losses are recorded on assignment of loan contracts. Recourse obligations are provided in books as per past track record of delinquency/servicing of the loans of the company.

2. Prudential Norms of the Reserve Bank of India :

In accordance with the guidelines prescribed by Reserve Bank of India.

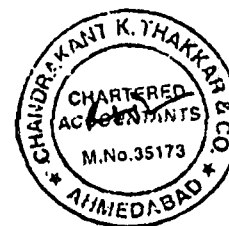
- (a) Provision has been made in the accounts against non-performing assets.
- (b) In respect of such non-performing assets, income has not been recognised during the year, and income booked in earlier years is also reversed.
- (c) Provision has been made for permanent diminution in the value of investments.



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

SCHEDULE - P

- (d) The company has transferred 20% of the Profits to Statutory Reserve under section 45 IC of RBI Act, 1934.
3. The Company has securitised/assigned a part of its Hire Purchase and Advances receivables due from customers on the basis of recourse to the company. Gross amount of receivables securitised/assigned have been reduced from Hire Purchase or Advances portfolio as the case may be. The outstanding amount as at 31st March, 2005 net of Security Deposit margin in respect of such portfolio is Rs.36,77,98,072/- (P.Y. Rs. 22,61,60,946/-)
4. Gross Block of building includes Rs.13,00,000/- pertaining to a office, for which conveyance deed is yet to be executed.
5. Non Convertible Debentures comprises of :
- a) A-series 10.5% 23,764/- privately placed secured redeemable non convertible debentures of Rs.1000 each fully paid up, to be redeemed in 5 instalments by 20% principal repayment each after 36,42,48,54 and 60 months from the date of allotment.
- b) B- Series – 7% 5,998/- privately placed secured redeemable non convertible debentures of Rs.1000 each fully paid up, to be redeemed in 5 instalments by 20% principal repayment each after 36,42,48,54 and 60 months from the date of allotment and with an option to the company to redeem entire amount after the expiry of 12 months and any time between the maximum repayment period of 60 months from the date of allotment.
- c) C-Series – 7% 9707/- privately placed secured redeemable non-convertible debentures of Rs 1000 each fully paid up, to be redeemed by 48 monthly installments, which shall be at the mutual consent reduced to 40 monthly instalments from the date of allotment. Out standing as at 31-03-2005 after repayment of one year is 72,21,752/-.
- d) D-Series-7% 5110 privately placed secured redeemable non convertible debentures of Rs. 1000 each fully paid up, to be redeemed in 3 instalments of 30%, 30% and 40% principal repayment payable after 36, 48 & 60 months from the date of allotment with an option to the company to redeem entire amount after the expiry of 12 months and any time between the maximum repayment period of 60 months from the date of allotment.
- e) A-Series(II) 7% 5505 privately placed secured redeemable non convertible debentures of Rs. 1000/- each fully paid up, to be redeemed in 5 installments by



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

SCHEDULE - P

20% principal repayment each after 36,42,48,54 and 60 months from the date of allotment.

- f) B-Series(II) 7% 1221 privately placed secured redeemable non convertible debentures of Rs. 1000/- each fully paid up, to be redeemed in 48 monthly equal installments from the date of allotment.
6. For Registered NBFCs, no debenture redemption reserve is required to be created in the case of privately placed debentures as per DCA circular No. 9/2002 dated 18/04/2002.
7. Service tax debited to profit or loss account includes service tax of prior period for Rs. 215488/-.

8. ACCOUNTING STANDARDS :

1) AS - 3 - Cash Flow Statement

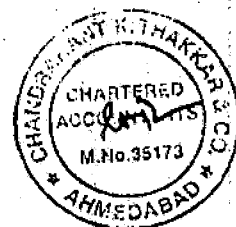
PARTICULARS	(Rs. in Lacs)	
	2004-2005	2003-2004
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	105.23	68.49
Adjustment for :		
Depreciation	30.84	25.25
Interest & Finance Charges	269.19	302.21
Loss on Sale of Fixed Assets	3.82	0.63
Profit / (Loss) on Sale of Shares	(0.06)	0.11
Amortisation	29.44	18.23
Interest Income	(3.34)	(1.78)
Dividend Income	(0.16)	(0.18)
Gratuity Paid / Provided	(4.84)	4.36
	324.89	348.83
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	430.12	417.32
Changes in Working Capital		
Increase / (Decrease) in Receivables	(30.86)	(43.94)
Increase / (Decrease) in Stock in Hire	245.62	137.12
Increase / (Decrease) in Assets Under Loan Agreement	(128.88)	(146.04)



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

SCHEDULE - P

Increase / (Decrease) in Loans & Advances	(467.48)	(188.32)
Increase / (Decrease) in Current Liabilities	171.94	(224.37)
Deferred Revenue Expenditure Incurred	<u>(30.91)</u>	<u>(26.12)</u>
	(240.57)	(491.67)
CASH GENERATED FROM OPERATIONS	189.55	(74.35)
Interest & Finance Charges Paid	(269.19)	(302.21)
Income Tax Paid	<u>(36.32)</u>	<u>(15.75)</u>
	(305.51)	(317.96)
NET CASH USED IN OPERATING ACTIVITIES [A]	(115.96)	(392.31)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(70.88)	(37.49)
Sale of Assets	3.73	0.31
Purchase of Investments	(0.70)	(0.01)
Sale of Investments	1.37	0.72
Interest Income	3.34	1.78
Dividend Income	0.16	0.18
Subsidy Received	<u>3.86</u>	
NET CASH USED IN INVESTING ACTIVITIES [B]	(59.12)	(34.51)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(3.70)	(3.70)
Increase / (Decrease) in Bank Borrowing	147.67	(402.37)
Issue of Equity Shares		29.54
Issue of Debentures	67.26	378.53
Repayment of Debentures	(24.85)	
Debenture Issue Expenses	(2.42)	(6.47)
Increase / (Decrease) in Term Loan	133.19	(10.23)
Increase / (Decrease) in Unsecured Loan	<u>(90.28)</u>	<u>364.35</u>
NET CASH FLOW FROM FINANCING ACTIVITIES [C]	226.87	349.65
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	51.79	(77.17)
Cash & Cash Equivalents at the Begning of the year	85.73	162.90
Cash & Cash Equivalents at the End of the year	137.52	85.73



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

SCHEDULE - P

2) AS - 17 - Segment Reporting

The Company is engaged primarily in the business of Financing and accordingly there are no separate reportable segments as per Accounting Standard 17 issued by The Institute of Chartered Accountants of India.

3) AS - 18- Related Party Disclosures

1) Key Management Personnel	2004-2005	2003-2004
a. Kamlesh C. Gandhi.		
b. Mukesh C. Gandhi.		
Managerial Remuneration	9,87,120	4,75,920

2) Relatives of Key Management Personnel to whom interest on deposits for Rs.6585/- (P.Y. Rs.7225/-) has been paid.

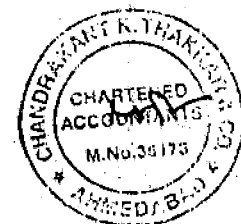
- a. Rushil M. Gandhi.
- b. Dhwanil K. Gandhi.
- c. Saryuben Doshi.

4) AS - 20 Earning Per Share

Calculation of Earning Per Share (E.P.S.)

The numerators and denominators used to calculate the basic & diluted E.P.S. are as follows

	Particulars	2004-2005	2003-2004
A	Profit for the year after tax Attributable to equity shareholders.	70,22,745	50,86,331
B	Weighted average no. of equity shares	40,00,000	37,05,407
C	Nominal value of equity shares	10	10
D	Basic and Diluted earnings per share in Rupees	1.76	1.37



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

SCHEDULE - P

5) AS - 22 Accounting for Taxes on Income

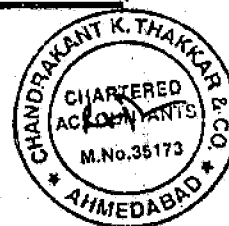
This Standard became mandatory for the company in respect of the Accounting period commencing on or after 01.04.2002. As far as the Company is concerned an entry was required to be passed towards transitional provision, on 01.04.2002. The Company has, along with the Association of Leasing and Financial Service Companies, filed a writ petition against AS22-Accounting for Taxes on Income. The writ petition is pending in the High Court at Madras. However, the Hon'ble High Court, in its interim order, has made it clear that the Company would be entitled to announce its financial results both on the basis of existing system as well as, as per the impugned AS22. Accordingly the accounts have been prepared on the basis of existing system. The net deferred tax liability, that would have to be created as per the Accounting Standard, up to 31st March 2005 amounts to Rs.21,71,814/- and the deferred tax not provided in the accounts up to 31.03.2005 is Rs.21,71,814/-.

6) AS - 26 Intangibles

As per The Accounting Standard on "Intangible Assets" (AS-26) issued by The Institute of Chartered Accountants Of India, which has become effective from 1st April 2004, Intangible Items such as Corporate Publicity and Market Development Expenses and Non Convertible Debentures Issue Expenses have to be recognized as an expense in the period in which they are incurred since these do not meet the definition of Assets under AS-26. However, the company has continued to defer the corporate publicity and Market Development Expenditure of Rs.30,91,135/- incurred during the year over a period of three years and non Convertible Debenture Issue Expenditure of Rs.2,41,470/- over a period of five years, which is not in consequence with AS-26. Consequently, the profit for the year and balance in Reserves & Surplus is overstated by Rs.22,53,932/-.

9. Remuneration to Managing and Whole time Director :

	2004-05	2003-04
	Rupees	Rupees
Salary/Bonus	9,79,200	4,27,200
Contribution to Provident Fund	18,720	18,720
Other Perquisites	-	30,000
Total	9,97,920	4,75,920



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

SCHEDULE - P

(b) Computation of Net Profit as per section 349 read with section 309(5) and of section 198 of the Companies Act, 1956 is not furnished as no commission is payable to the Managing Director and Whole Time Director.

10. Auditors Remuneration :-

	2004-05	2003-04
	Rupees	Rupees
Audit Fees	41,876	41,040
Tax Audit Fees	7,714	7,560
In other Capacity	43,060	22,725
Total	<u><u>92,650</u></u>	<u><u>71,325</u></u>

11. Information as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

(Rs. In Lakhs)

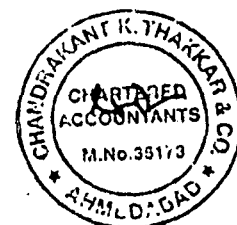
	Particulars	Year ending 31/03/2005	
	Liabilities side :		
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not Paid :	Amount Out- Standing	Amount Overdue
	(a) Debentures : Secured	420.94	NIL
	: Unsecured	NIL	NIL
	(other than falling within the Meaning of public deposits*)		
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	143.20	NIL
	(d) Inter-corporate loans and borrowing	135.49	NIL
	(e) Commercial Paper	NIL	NIL
	(f) Public Deposits*	96.79	NIL
	(g) Other Loans (specify nature)	NIL	NIL
	*Please see note 1 Below		
(2)	Break-up of (1)(f) above (Outstanding Public deposits inclusive of interest accrued Thereon but not paid):		
	(a) In the form of Unsecured debentures	NIL	NIL



**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005**

SCHEDULE - P

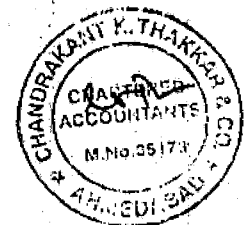
	(b) In the form of partly secured Debentures i.e. debentures where there is a shortfall in the value of security [c] Other public deposits	NIL 96.79	NIL NIL
	*Please see note 1 Below		
	Assets side:		
		Amount outstanding	
(3)	Break-up of Loans and advances including Bills receivables [other than those included in (4) below] :		
	(a) secured (b) Unsecured	2354.50 NIL	
(4)	Break up of leased Assets and stock on hire And hypothecation loans counting toward EL/HP activities (i) Lease assets including lease rentals under Sundry debtors :		
	(a) Financial lease (b) Operating lease	NIL NIL	
	(ii) Stock on hire including hire charges :		
	(a) Assets on hire (b) Repossessed Assets	0.95 <u>1.31</u> 2.26	
	(iii) Hypothecation loans counting towards EL/HP activities :		
	(a) Loans where assets have been Repossessed (b) Loans other than (a) above	NIL NIL	
(5)	Break-up of Investments : <u>Current investments :</u> 1. <u>Quoted :</u>		



**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005**

SCHEDULE - P

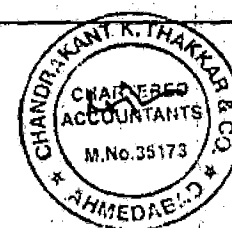
	(i) Shares :	(a) Equity (b) Preference	NIL NIL
	(ii) Debentures and Bonds		NIL
	(iii) Units of mutual funds		NIL
	(iv) Government Securities		NIL
	(v) Others (please specify)		NIL
2.	<u>Unquoted :</u>		
	(i) Shares :	(a) Equity (b) Preference	NIL NIL
	(ii) Debentures and Bonds		NIL
	(iii) Units of mutual funds		NIL
	(iv) Government Securities		NIL
	(v) Others (please specify)		NIL
	<u>Long Term Investments :</u>		
1.	<u>Quoted :</u>		
	(i) Shares :	(a) Equity (b) Preference	0.63 NIL
	(ii) Debentures and Bonds		NIL
	(iii) Units of mutual funds		NIL
	(iv) Government Securities		11.24
	(v) Others (please specify)		NIL
2.	<u>Unquoted :</u>		
	(i) Shares :	(a) Equity (b) Preference	1.36 NIL
	(ii) Debentures and Bonds		NIL
	(iii) Units of mutual funds		NIL



**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005**

SCHEDULE - P

	(iv) Government Securities	NIL		
	(v) Others (please specify)	NIL		
(6)	Borrower group-wise classification of all leased assets, stock-on-Hire and loans and advances (Inclusive of Debtors) : Please see Note 2 below			
	Category	I. Amount net of provisions		
		secured	Unsecured	Total
	1. related Parties **			
	(a) Subsidiaries	NIL	NIL	NIL
	(b) Companies in the same group	NIL	NIL	NIL
	(c) Other related parties	NIL	NIL	NIL
	2. Other than related Parties **	2550.73	NIL	2550.73
	Total	2550.73	NIL	2550.73
(7)	Investor group-wise classification of all investments (current and Long term) in shares and securities (both quoted and unquoted) : Please see more note 3 below			
	Category	Market Value / Break Up or fair value or NAV	Book Value (Net of Provisions)	
	1. related Parties **			
	(a) Subsidiaries	NIL	NIL	
	(b) Companies in the same group	NIL	NIL	
	(c) Other related parties	NIL	NIL	
	2. Other than related Parties **	13.23	13.23	
	Total	13.23	13.23	
** As per Accounting Standard of ICAI (Please see note 3)				
(8)	Other information			



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

SCHEDULE - P

Particulars		Amount
(i)	Gross Non-Performing Assets	
	(a) related parties	NIL
	(b) Other than related parties	8631
(ii)	Net Non-performing Assets	
	(a) related parties	NIL
	(b) Other than related parties	63.01
(iii)	Assets acquired in satisfaction of debt	NIL

Notes :

- As defined in Paragraph 2 (1) (xii) of the Non-Banking financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.
- Balances of Concerned parties for amounts due to them/amounts due from them as per the accounts of the Company are subject to confirmation. Necessary adjustment if any will be made when the accounts are reconciled and settled.

13.

Balance with other Banks :-

IN CURRENT ACCOUNT WITH CO-OPERATIVE BANKS

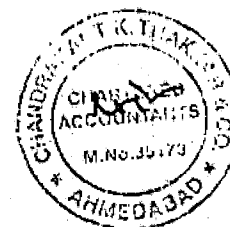
2004-05	2003-04
Rupees	Rupees

Bhagyoday Co-Op. Bank Ltd.
(Maximum amount outstanding
During the year Rs. 16,124)
(P.Y. Rs.10,93,669)

16,124	16,124
--------	--------

The Gandhidham Co-Op. Bank Ltd.
(Maximum amount outstanding
During the year Rs. 25,989)

0	25,889
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SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

SCHEDULE - P

(P.Y. Rs.26,089)

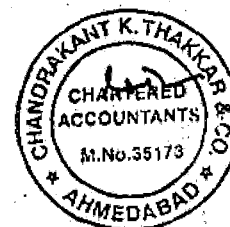
The Mehsana Urban Co-Op. Bank Ltd. (H'nagar) (Maximum amount outstanding During the year Rs. 55,770) (P.Y. Rs.55,770)	2033	55,770
The Kaira Dist. Central Co. Op. Bank Ltd. (Maximum amount outstanding During the year Rs. 5,500) (P.Y. Rs. 0/-)	5500	0
The Nadiad Mercantile Co.Op. Bank Ltd.	40,000	40,000
14. Expenditure in Foreign Currency.	NIL	NIL
15. Earnings in Foreign Currency.	NIL	NIL
16. Figures of the Previous Year have been regrouped wherever necessary.		

17. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT 1956

Registration details

Registration No. : 26064
State Code : 04
Balance Sheet Date : 31ST MARCH 2005

II. Capital raised during the year	(Amount Rs. In Thousands)
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds	(Amount Rs. In Thousands)
Total Liabilities	356446



**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005**

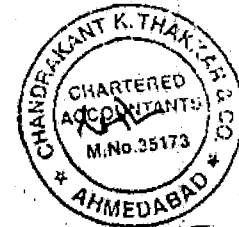
SCHEDULE - P

Total Assets	:	356446
Sources of Funds		
Paid-Up Capital	:	40000
Reserve & Surplus	:	33186
Secured Loans	:	184300
Unsecured Loans	:	98960
Application of Funds		
Net fixed Assets	:	25111
Investments	:	1323
Net Current Assets	:	326499
Miscellaneous Expenditure	:	3513
Accumulated Losses	:	NIL

IV. Performance of the Company

(Amount Rs. In Thousands)

Total Income	:	89795
Total Expenditure	:	79272
Profit Before Tax	:	10522
Profit After Tax	:	7022
Earnings per share (Rs.)	:	1.76
Dividend Rate (%)	:	1%



**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005**

SCHEDULE - P

V. **Generic Names of
Principal
Products/Services of the
Company (as per monetary
terms)**

Item Code No.
Product description

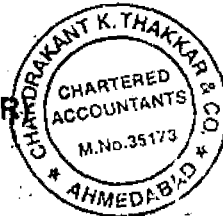
Not Applicable
Hire Purchase, Loans under Loans cum
Hypothecation Agreements.

Signatures to Schedules A To P

As per Our Report Attached

FOR **CHANDRAKANT K. THAKKAR & CO.**
CHARTERED ACCOUNTANTS


(**CHANDRAKANT K. THAKKAR**)
PROPRIETOR



Place : Ahmedabad.
Date : 31st August 2005.

For and on behalf of Board of Directors


KAMLESH C. GANDHI
(MANAGING DIRECTOR)


MUKESH C. GANDHI
(WHOLE TIME DIRECTOR)

SIDDHARTH P. SHAH
(DIRECTOR)


KINNARI SHAH
(COMPANY SECRETARY)