



The Power of Distribution

AAS FINANCIAL SERVICES LIMITED

12th ANNUAL REPORT 2006 - 07

BOARD OF DIRECTORS

SHRI KAMLESH CHIMANLAL GANDHI [M.D.]

SHRI MUKESH CHIMANLAL GANDHI

SHRI SIDDHARTH PRAVINCHANDRA SHAH

SHRI BALA BHASKARAN

SHRI S. VISHWANATHA PRASAD

BANKERS

DENA BANK-ASHRAM ROAD,

STATE BANK OF INDIA

STATE BANK OF SAURASHTRA

CITY UNION BANK LTD.

SMALL INDUSTRIAL DEVELOPMENT BANK OF INDIA

UTI BANK LTD.

ICICI BANK LIMITED

IDBI BANK LIMITED

HDFC BANK LIMITED

STANDARD CHARTERED BANK LIMITED

CENTURION BANK OF PUNJAB LIMITED

DEVELOPMENT CREDIT 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.

DIRECTORS' REPORT

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

Your Directors are happy to present the Twelfth ANNUAL REPORT of your Company together with the Audited Accounts drawn for the year ended on 31st March 2007.

FINANCIAL RESULTS :

	Year Ended 31/03/07 RUPEES	Year Ended 31/03/06 RUPEES
Interest on Loan cum Hypothecation Agreements (Net)	241547295	141144998
Income From Operations & Other Income	44553532	11835928
Total Income	286100827	152980926
Total Expenditure	182115337	115492375
Profit Before Taxes	103985490	37488551
Provision for Taxation (Including Deferred Tax, Fringe Benefit Tax & Income Tax of earlier Years)	35325353	15086950
Profit After Taxes	68660137	22401601
Profit Available for Appropriation	68660137	22401601
<u>APPROPRIATIONS :</u>		
Transfer to Statutory Reserve	13790221	4485464
Proposed Dividend	2333333	2000000
Corporate Tax on Dividend	1567126	280500
Interim Equity Dividend	4663016	-
Interim Preference Share Dividend	3683333	-
Transfer to General Reserve	3447555	-
Transfer to Capital Redemption Reserve	10833333	-
Surplus Balance carried to B/S	28342220	15635637
	68660137	22401601

BUSINESS PERFORMANCE.

The company performed as per the targets laid down. The business model that the company pursues is of being an efficient and powerful distributor of the Financial services. The total asset under the management of the company is to the tune of Rs 215 crores as on 31st March 2007.

Micro finance remains to be the key driver of the growth for the company. In consistence to the same necessary execution plans have been worked out to take a quantum jump in this segment in the year 2007-2008. Over all demand for the micro finance is huge and it requires vast and penetrating distributing skills accompanied by sound credit models to serve the segment.

The company with vast branch net work and experience of almost two decades is poised to serve the market on the scalable and the sustainable business modules.

RESOURCES:

Company is in talks with various private equity financiers for enhancing the equity base which is required to fuel the growth. Your company seeks capital from the investors, who understands the dynamics of the business and are capable of being catalyst to the company's growth in consonance with the fundamentals of the company.

The company by virtue of its performance over the years, enjoys very good relationships with almost all leading retail financing institutions and banks. It works as the distributor of financial services on the comprehensive basis and is poised to take quantum jump in the volumes with almost all of them.

Your Company commands the respect and the confidence of Bankers and investors and acknowledges the constructive support of the consortium member banks.

DIVIDEND

The board proposes to reward its shareholders with a dividend of 15% (inclusive of 10% interim dividend) on account of robust growth in its profitability for the year 2006-2007.

ISSUE OF BONUS SHARES

The Board of Directors proposes to issue Bonus Shares in the Ratio of 1:2 shares subject to approval of the Members in the Annual General Meeting.

FINANCIAL HIGHLIGHTS

The gross income realized by the company is Rs.2861.00 lacs (Previous year Rs.1529.81 lacs) comprising of Interest Income on Loan Cum Hypothecation Agreements. Net Profit after tax is Rs. 686.60 lacs (Previous year Rs.224.01 lacs).

CAPITAL

The Total Issued and Paid-Up Capital at the end of the Twelfth Year: - Equity Share Capital Rs. 6,00,00,000 (Six Crores).

PROSPECTS :-

The retail industry market size is so huge that it provides opportunity for the entire well managed financial institutions, be it banks or NBFC. Due to very sound and fundamentally strong business model of distribution of financial services, the company is working complimentary to almost all leading retail financing players.

Your company offers a range of products and services, that caters to almost every need of its customers in retail segment and to the micro sector in particular. Company's management is confident to emerge as a very significant player in the industry, 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-strategise to keep pace with the developments.

STATUTORY COMPLIANCE :

The Company has made necessary provisions 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.

RISK MANAGEMENT

Financing activity is the business of management of risks. Risk management is the function of the appropriate credit models and the robust systems and operations. Your company over the years has worked very hard to consolidate on the above two maxims, and is always eager to improve upon the same.

Your Company continues to give prime importance to the function of receivables management, as it considers this the ultimate reflection of the correctness of marketing strategy as well as appraisal techniques. The company achieved almost 93% recovery, with overdue of 7% only. It may be noted that the above mentioned 7% debtors are under strictest surveillance of follow up. The NPA Accounts of the company stands at meager amount of Rs. 169.54 Lacs which is approximately 0.79% of Credit exposure which includes managed portfolio.

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

INSURANCE:

The assets of your Company have been adequately insured.

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's protection. It must however be borne in mind, that the most important element in investor's protection is a healthy NBFC sector. Investor's protection can only be strengthened if NBFCs have the legal remedies to protect their assets.

The denial of the legal remedies and tax benefit 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, 2007 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, 2007 and of the profit for the period from 1st April, 2006 to 31st March, 2007.
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 2007 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 2007-08.

DIRECTORS.

During the year, Mr. S. Viswanatha Prasad has been appointed as an Additional Director on 18th August, 2006. As per the provision of section 260 of the companies' act, 1956, this director holds office only up to the forthcoming Annual General Meeting of the company. The company has received notice under section 257 of the act in respect of the above person, proposing their appointment as a director of the company. Resolutions seeking approval of the share holders for their appointment have been incorporated in the notice of the forthcoming Annual General Meeting.

Mr. Siddharth Shah, Director, retires by rotation and being eligible has offered him self 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 & management and to more than 2 lacs customers across the length and breadth of the state of Gujarat, who have given the company opportunity to serve them.

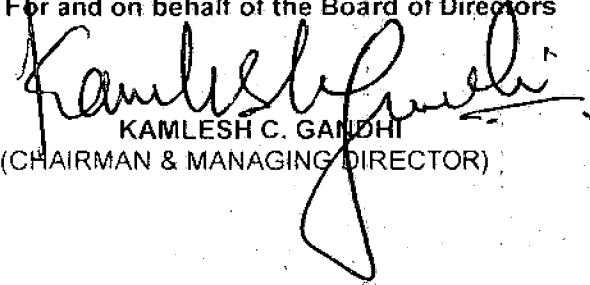
The entire MAS Team deserves the appreciation for their sincere efforts and determination to excel.

I trust this journey will continue to be a pleasant one with their support, aware of the fact that we have "Miles to go..... and together we will.

Best Wishes.

Place : Ahmedabad.
Date : 30th May, 2007

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, 2007 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 ;



CHARTERED ACCOUNTANTS

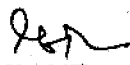
- d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 .
- e) On the basis of written representations received from the Directors, as on 31st March, 2007, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

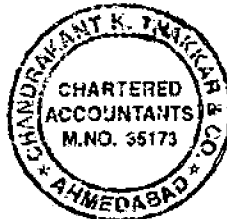
In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- (1) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
- (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 : 30th May, 2007


CHANDRAKANT K. THAKKAR
(PROPRIETOR)
Membership No. 35173



ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph 2 of our Report of even date)

i. (a) The company has maintains 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.

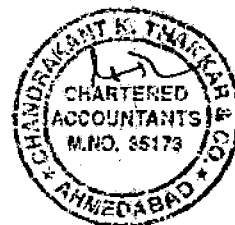
ii. The company being a Non Banking Finance Company, has no inventory. Accordingly the provisions of clauses 4(ii)(a), (b) & (c) of the Companies (Auditors Report) Order are not applicable to the company.

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, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and according to 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 Rs. Five Lacs in respect of any party during the year under review.



CHARTERED ACCOUNTANTS

- vi. The company has not accepted any deposit from public within the meaning of section 58A, 58AA or any other relevant provisions of the companies act, 1956 and the rules framed there under.
- vii. The scope and coverage of the Internal Audit system needs further to be enlarged to make it commensurate with the size and operation of the business.
- viii. The companies 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, service tax, investor education and protection fund, sales tax, wealth tax, custom duty, excise duty and other material statutory dues, applicable to it.

(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 cess, as at 31st March, 2007 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, 2007 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. In our opinion and according to the information and explanations given to us adequate documents and records have been maintained by the company in respect of loans & advances granted on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.




Chandrakant K. Thakkar & Co.

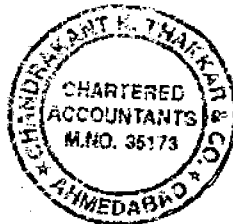
CHARTERED ACCOUNTANTS

- xiv. 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.
- xv. In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvi. 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.
- xvii. 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.
- xviii. The company has created security or charge in respect of debentures issued and outstanding at the year end.
- xix. The company has not raised any money by public issue during the year.
- xx. 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 : 30th May, 2007


CHANDRAKANT K. THAKKAR
(PROPRIETOR)
Membership No. 35173



MAS FINANCIAL SERVICES LTD.

BALANCE SHEET AS AT 31ST MARCH, 2007.

	SCHEDULE	RUPEES	31/03/07 RUPEES	31/03/06 RUPEES
SOURCES OF FUNDS				
SHAREHOLDER'S FUNDS				
Share Capital	A	125,000,000		40,000,000
Reserves & Surplus	B	87,165,633		50,752,303
			212,165,633	90,752,303
Deferred Subsidy	C		557,395	688,900
LOAN FUNDS				
Secured Loans	D	480,978,198		244,043,292
Unsecured Loans	E	48,785,692		61,279,130
			529,763,890	305,322,422
DEFERRED TAX LIABILITY			3,362,431	3,128,047
			<u>745,849,349</u>	<u>399,891,672</u>
APPLICATION OF FUNDS				
Fixed Assets	F			
Gross Block		54,911,408		47,128,883
Less : Depreciation		18,253,747		15,983,295
Net Block		36,657,661		31,145,588
Capital Work in Progress		0		603,436
			36,657,661	31,749,024
Investments	G		1,089,635	1,089,741
Current Assets, Loans & Advances	H			
Current Assets		260,170,296		174,384,789
Loans and Advances		522,141,746		279,075,396
			782,312,042	453,460,185
Less :				
Current Liabilities & Provisions	I			
Current Liabilities		18,400,059		65,121,778
Provisions		56,577,930		21,285,500
			74,977,989	86,407,278
Net Current Assets			707,334,053	367,052,907
Miscellaneous Expenditure (To the extent not written off or adjusted)	J		768,000	0
			<u>745,849,349</u>	<u>399,891,672</u>
Significant Accounting Policies and Notes on Accounts	P			

As per Our Report Attached

For, CHANDRAKANT K. THAKKAR & CO.,
CHARTERED ACCOUNTANTS.(CHANDRAKANT K. THAKKAR)
PROPRIETORPlace : Ahmedabad
Date : 30th May 2007

For and on behalf of Board of Directors

KAMLESH C. GANDHI
(CHAIRMAN & MANAGING DIRECTOR)

MUKESH C. GANDHI
(WHOLE TIME DIRECTOR)

SIDDHARTH P. SHAH
(DIRECTOR)

KINNAARI SHAH
(COMPANY SECRETARY)

MAS FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007.

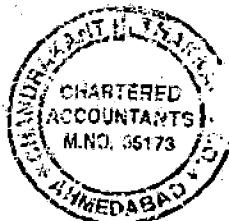
	SCHEDULE	2006-2007 RUPEES	2005-2006 RUPEES
INCOME			
Interest on Loan cum Hypothecation Agreements (Net) (TDS Rs.2975/- P. Y Rs: 2543/-)		241,547,295	141,144,998
Income from Operations	K	32,654,995	10,860,993
Other Income	L	11,898,537	974,935
		286,100,827	152,980,926
EXPENDITURE			
Personnel Expenses	M	23,619,313	15,880,654
Administrative & Other Expenses	N	118,058,117	76,114,623
Finance & Bank Charges	O	37,324,346	20,006,065
Depreciation		3,113,561	3,491,033
		182,115,337	115,492,375
Profit Before Taxation		103,985,490	37,488,551
PROVISION FOR TAXATION :			
-Current Tax		34,000,000	13,600,000
-Deferred Tax Charge		234,384	95,233
-Fringe Benefit Tax		800,000	50,500
Profit After Tax		68,951,106	22,427,318
Income Tax of Earlier Years		290,969	25,717
Profit available for appropriation		68,660,137	22,401,601
APPROPRIATION			
Reserve u/s. 45-IC of RBI Act, 1934		13,790,221	4,485,464
Proposed Dividend		2,333,333	2,000,000
Corporate Tax on Dividend		1,567,126	280,500
Interim Equity Dividend		4,663,016	0
Interim Preference Shares Dividend		3,683,333	0
Transfer to General Reserve		3,447,555	0
Transfer to Capital Redemption Reserve		10,833,333	0
Surplus - Balance carried to Balance Sheet		28,342,220	15,635,637
		68,660,137	22,401,601

Significant Accounting Policies
and Notes on Accounts

As per Our Report Attached,

For CHANDRAKANT K. THAKKAR & CO.,
CHARTERED ACCOUNTANTS

(CHANDRAKANT K. THAKKAR)
PROPRIETOR



Place : Ahmedabad
Date : 30th May 2007

For and on behalf of Board of Directors

KAMLESH C. GANDHI
(CHAIRMAN & MANAGING DIRECTOR)

MUKESH C. GANDHI
(WHOLE TIME DIRECTOR)

SIDDHARTH P. SHAH
(DIRECTOR)

KINNARL SHAH
(COMPANY SECRETARY)

MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH'2007.

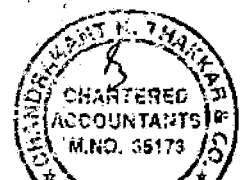
	31/03/07 RUPEES	31/03/06 RUPEES
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED :		
60,00,000 (P.Y. 40,00,000) Equity Shares of Rs. 10/- each.	60,000,000	40,000,000
6,50,000 Cumulative Redeemable Non Convertible Preference Shares of Rs.100/- each	65,000,000	0
	<u>125,000,000</u>	<u>40,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP :		
60,00,000 (P.Y. 40,00,000) Equity Shares of Rs. 10/- each fully paid-up.*	60,000,000	40,000,000
6,50,000 Cumulative Redeemable Non Convertible Preference Shares of Rs. 100/- each fully paid up	65,000,000	0
	<u>125,000,000</u>	<u>40,000,000</u>

Notes:-

- * Out of the above 9,14,800 Equity Shares of Rs.10/- each are allotted as fully paid up for consideration other than cash.
- During the year 20,00,000 Equity Shares of Rs.10/- each fully paid up have been issued as bonus shares by capitalisation of Reserves.
- Preference Shares are redeemable at the end of four years from the date of allotment. Rate of dividend is 8.5% p.a. during the first year and subsequently the rate of dividend shall be calculated on a floating basis as S-BAR minus 225 basis points, subject to a maximum of 10.5% p.a. and minimum of 6.5% p.a.

	31/03/07 RUPEES	31/03/06 RUPEES
SCHEDULE - B		
RESERVES AND SURPLUS		
1. Reserve u/s. 45-IC of RBI Act, 1934 :		
Opening Balance	12,043,730	7,558,266
Add : Transferred from Profit & Loss Account	13,790,221	4,485,464
	<u>25,833,951</u>	<u>12,043,730</u>
2. General Reserve		
Opening Balance	0	0
Add : Transfer during the year	3,447,555	0
	<u>3,447,555</u>	<u>0</u>
3. Profit and Loss Account		
Opening Balance	37,753,573	24,289,750
Less : Recognition of Deferred Tax Liability of Earlier year	-	2,171,814
Less : Utilised for Issue of Bonus Shares	19,045,000	0
	<u>18,708,573</u>	<u>22,117,936</u>
Add: Current Year Profit	28,342,220	15,635,637
	<u>47,050,793</u>	<u>37,753,573</u>
CARRIED FORWARD	<u>76,332,300</u>	<u>49,797,303</u>

10294

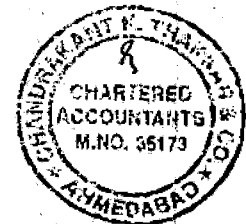


MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 2007.

	31/03/07 RUPEES	31/03/06 RUPEES
BROUGHT FORWARD	76,332,300	49,797,303
4. Capital Redemption Reserve		
Opening Balance	955,000	955,000
Add : Transfer during the year	10,833,333	0
Less : Utilised for Issue of Bonus Share	955,000	0
	10,833,333	955,000
	87,165,633	50,752,303

	31/03/07 RUPEES	31/03/06 RUPEES
SCHEDULE - C		
DEFERRED SUBSIDY		
Opening Balance	688,900	383,443
Add : Received During the Year	-	425,243
	688,900	808,686
Less : Recouped During the Year	131,505	119,786
	557,395	688,900



MAS FINANCIAL SERVICES LIMITED

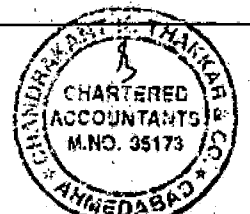
SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH'2007.

	31/03/07 RUPEES	31/03/06 RUPEES
SCHEDULE - D		
SECURED LOANS		
Cash Credit	50,303,380	99,505,872
Term Loan From Financial Institution	10,757,495	16,135,991
Term Loan From Banks	364,873,644	54,100,829
Term Loan From Others	6,249,999	16,250,000
Non Convertible Redeemable Debentures (Refer Note No. 5 to Schedule "P")	48,793,680	58,050,600
	480,978,198	244,043,292

NOTES :

- 1 Cash Credit facility is secured by hypothecation of Movables & Book Debts. Equitable Mortgage by deposit of title deeds/ Pari Passu charge of some of the Company's Immovable Properties and also guaranteed by some of the directors.
- 2 Term Loan from financial institution is secured by primary security of hypothecation of movables and book debts and lien on Bank Fixed Deposit.
- 3 Term Loan from bank is secured by primary security of hypothecation of movables and book debts financed by said bank, lien on fixed deposit, pari passu charge of some of the Company's Immovable Properties, exclusive charge on the assets purchased out of term loan financed by said bank and personal guarantee of some of the directors.
- 4 Term Loan from others is secured by hypothecations of specific Book Debts both present and future which are created out of term loan facilities extended by the lender.
- 5 Non Convertible Debentures are secured by first charge and legal mortgage in English form of Shop No. B/7 at Narayan chamber, Ahmedabad and Shop No.6, 2nd floor, Avishkar Complex, Nr. Motipura Bus stand, Motipura, Himmatnagar, Dist. Sabarkantha and secured by way of second charge by hypthecation of Movables & Book Debts.

	31/03/07 RUPEES	31/03/06 RUPEES
SCHEDULE - E		
UNSECURED LOANS		
Inter Corporate Deposits	3,380,000	10,370,623
Security Deposits From customers Against Advances	45,405,692	50,908,507
	48,785,692	61,279,130



MAS FINANCIAL SERVICES LIMITED

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH'2007.

SCHEDULE - F

FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	OPENING BALANCE AS ON 1-04-06 RUPEES	ADDITIONS DURING THE YEAR RUPEES	DEDUCTIONS DURING THE YEAR RUPEES	TOTAL AS ON 31/03/07 RUPEES	OPENING BALANCE AS ON 1-04-06 RUPEES	ADDITIONS DURING THE YEAR RUPEES	DEDUCTIONS DURING THE YEAR RUPEES	TOTAL UPTO 31/03/07 RUPEES	AS AT 31/03/2007 RUPEES	AS AT 31/03/2006 RUPEES
Office Building	14,932,600	400,897	-	15,333,497	1,077,524	248,082	-	1,325,606	14,007,891	13,855,076
Office Equipments	19,409,975	4,273,533	1,087,659	22,595,649	11,340,866	1,765,339	832,645	12,273,560	10,322,289	8,069,109
Furniture & Fixtures	8,279,793	3,312,615	-	11,592,408	1,931,651	629,433	-	2,561,084	9,031,324	6,348,142
Vehicles	4,506,515	896,404	13,265	5,389,654	1,633,254	470,707	10,464	2,093,497	3,296,157	2,873,261
Total :	47,128,883	8,883,449	1,100,924	54,911,408	15,983,295	3,113,561	843,109	18,253,747	36,657,661	31,145,588
Previous Year	35,291,623	12,135,201	297,941	47,128,883	12,680,431	3,491,033	188,169	15,983,295	31,145,588	-



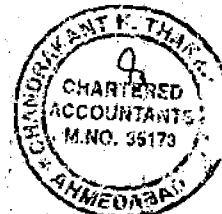
MAS FINANCIAL SERVICES LIMITED

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2007.

SCHEDULE - G

INVESTMENTS :

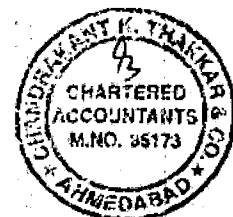
	31/03/07		31/03/06		
	FACE VALUE PER SHARE/ BOND RUPEES	NO. OF SHARES/ BONDS	NO. OF SHARES/ BONDS	BOOK VALUE RUPEES	
		VALUE RUPEES			
LONG TERM INVESTMENTS (AT COST) :					
Quoted (Fully paid up) :					
(A) In Government Securities :					
11.5% GOI BOND 2008	164,000	-	155,308	155,308	
11.5% GOI BOND 2015	795,000	-	761,213	761,213	
11.5% IDBI BOND 2009	100,000	-	103,198	103,198	
			<u>1,019,719</u>	<u>1,019,719</u>	
(B) In Equity Shares :					
Apple Finance Ltd.	10	100	2,150	100	2,150
Athena Finance Ltd.	10	1	7	1	7
Centurion Bank Ltd.	1	100	2,469	100	2,469
Chofamandalam Finance Ltd.	10	1	53	1	53
Dena Bank	10	3,209	88,443	3,209	88,443
First Leasing Finance Ltd.	10	1	23	1	23
Gujarat Lease Financing Ltd.	10	125	4,875	125	4,875
HDFC Bank Ltd.	10	1	435	1	435
ICICI Bank Ltd	10	3	4,560	3	4,560
IndusInd Bank Ltd.	10	102	4,590	102	4,590
Kotak Mahindra Bank Ltd.	10	125	1,950	125	1,950
Reliance Capital Ltd.	10	1	77	1	77
Ashok Leyland Finance Ltd.	10	-	0	1	52
Tata Finance Ltd.	10	-	0	1	54
Less : Provision for diminution			-46,641		-46,641
			<u>62,991</u>		<u>63,097</u>
Unquoted (Fully paid up) :					
(C) In Equity Shares :					
Co.op.Bank of Ahmedabad Ltd.	25	277	6,925	277	6,925
			<u>6,925</u>		<u>6,925</u>
TOTAL (A+B+C)			<u>1,089,635</u>		<u>1,089,741</u>
NOTES :					
Aggregate value of Quoted Investments :					
Cost/Book Value			1,129,351		1,129,457
Market Value			1,244,352		1,162,261
Aggregate value of unquoted Investments :					
Cost/Book Value			6,925		6,925



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH'2007.

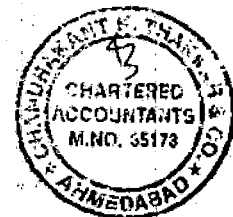
	RUPEES	31/03/07 RUPEES	31/03/06 RUPEES
SCHEDULE - H			
CURRENT ASSETS, LOANS AND ADVANCES			
CURRENT ASSETS :			
Interest Accrued on Investments		44,927	50,677
Cash & Bank Balances			
Cash on Hand	1,711,498		1,401,146
Balance with Scheduled Banks :			
In Current Account	12,106,983		45,584,116
In Fixed Deposit Account (Fixed Deposit Includes Rs. 167254382/- (P.Y. Rs. 73153951/-) in lien with Banks/ Financial Institutions.	170,924,382		75,173,951
Balance with Other Banks :			
In Current Account	16,124		16,124
In Fixed Deposit Account	40,000		40,000
		184,798,987	122,215,337
Sundry Debtors, Secured			
(a) Debts outstanding for a period exceeding six months			
(1) Considered good	-		-
(2) Considered doubtful	23,506,907		9,017,005
	23,506,907		9,017,005
(b) Other debts considered good	37,819,172		20,297,678
	61,326,079		29,314,683
Less : Provision for Non-Performing Assets	2,092,623		969,924
	59,233,456		28,344,759
(c) Income Receivable	16,092,926		23,774,016
		75,326,382	52,118,775
CARRIED FORWARD		260,170,296	174,384,789



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH'2007.

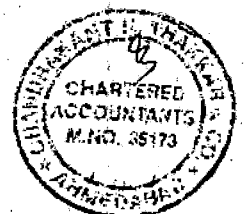
	RUPEES	RUPEES	31/03/07 RUPEES	31/03/06 RUPEES
SCHEDULE - H				
CURRENT ASSETS, LOANS AND ADVANCES (Contd..)				
BROUGHT FORWARD			260,170,296	174,384,789
LOANS AND ADVANCES :				
l) Advances to customers under Loan cum Hypothecation Agreements * (Secured, Considered Good)	679,012,396			380,398,781
* Includes repossessed assets at estimated realisable value.				
Less : Unmatured Interest Charges	234,963,562			133,684,518
		444,048,834		246,714,263
Other Loans And Advances				
Advances recoverable in cash or in kind or for value to be received. (Unsecured, Considered Good)		25,092,105		14,199,226
Advance Income-Tax		52,223,336		17,657,007
Advance-Fringe Benefit Tax		777,471		504,900
			522,141,746	279,075,396
			782,312,042	453,460,185



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 2007.

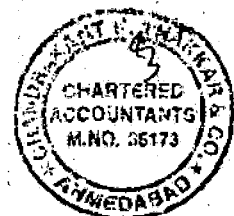
	RUPEES	31/03/07 RUPEES	31/03/06 RUPEES
SCHEDULE - I			
CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES :			
Sundry Creditors	17,918,822		64,528,938
Debenture Application Money	-		223,888
Tax Deducted At Source	481,237		368,952
		18,400,059	65,121,778
PROVISIONS :			
Proposed Dividend	2,333,333		2,000,000
Corporate Tax on Dividend	1,567,126		280,500
Provision for Taxation			
-Income Tax	51,100,000		18,500,000
-Fringe Benefit Tax	1,577,471		505,000
		56,577,930	21,285,500
		74,977,989	86,407,278
SCHEDULE - J			
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
(1) PRELIMINARY EXPENSES			
Balance as per Last Balance Sheet	-		-
Add : Incurred During the Year	960,000		-
	960,000		
Less : Written off during the year	192,000		-
		768,000	-
(2) DEFERRED CORPORATE PUBLICITY AND MARKET DEVELOPMENT EXPENSES			
Opening Balance	-		2931763
Add : Incurred During the Year	-		0
	-		2931763
Less : Written off during the year	-		2931763
	-		0
(3) NON CONVERTIBLE DEBENTURE ISSUE EXPENSES			
Opening Balance	-		581,772
Add : Incurred During the Year	-		-
	-		581,772
Less : Written off during the year	-		581,772
	-		-
		768,000	-



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2007.

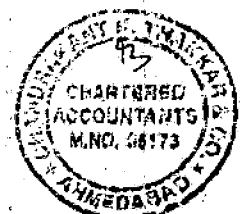
	2006-2007 RUPEES	2005-2006 RUPEES
SCHEDULE - K		
INCOME FROM OPERATIONS		
Service Charges, Stamp & Document Charges (Net)	32,436,643	10,860,993
Insurance Commission (TDS Rs.4079/-)	218,352	-
	<u>32,654,995</u>	<u>10,860,993</u>
SCHEDULE - L		
OTHER INCOME		
Income from Investments (Gross) (Tax Deducted at Source Rs.Nil/-, Previous Year Rs.Nii/-)	121,785	124,412
Dividend Income	3,409,030	14,544
Interest on Bank Deposits (Gross) (Tax Deducted at Source Rs1842284 /-, Previous Year Rs.149808/-)	8,228,357	698,730
Profit on Sale of Investment	7,860	17,463
Miscellaneous Income	131,505	119,786
	<u>11,898,537</u>	<u>974,935</u>



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH'2007.

	2006-2007 RUPEES	2005-2006 RUPEES
SCHEDULE - M		
PERSONNEL EXPENSES		
Salaries, Bonus & Allowances	22,183,238	14,675,975
Contribution to Provident Fund,ESI & Gratuity	1,034,022	964,050
Staff Welfare Expenses	402,053	240,629
	<u>23,619,313</u>	<u>15,880,654</u>
SCHEDULE - N		
ADMINISTRATIVE & OTHER EXPENSES		
Rent, Rates & Taxes	3,404,758	993,810
Service Tax	4,455,169	1,115,431
Stationery & Printing	4,709,853	1,940,085
Telephone Expenses	3,463,006	3,717,410
Legal & Professional Fees (Net)	9,652,535	6,817,384
Insurance Premium	2,263,417	1,470,697
Advertisement Expenses	4,042,825	3,291,563
Conveyance Expenses	4,017,586	1,974,637
Travelling Expenses	3,765,312	3,103,239
Auditor's Remuneration	168,360	137,750
Repairs & Maintenance - Building	376,058	127,040
- Others	993,190	735,663
	<u>1,369,248</u>	<u>862,703</u>
Director's Sitting Fees	30,000	11,000
Office Expenses	3,612,307	2,349,389
Provision for Non Performing Assets	1,122,699	(1,359,983)
Bad Debts	11,489,863	8,379,357
Donation	128,000	97,501
Sundry Balances Written Off (Net)	8,638,305	4,151,950
Sales Promotion Expenses	1,640,266	3,068,815
Commission	46,404,469	28,565,947
Deferred Corporate Publicity & Market Dev. Written Off	-	2,931,763
Miscellaneous Expenses	3,442,204	2,476,451
Loss on Sale of Fixed Assets	237,935	13,724
Loss on Sale of Bonds	-	4,000
	<u>118,058,117</u>	<u>76,114,623</u>



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH'2007.

SCHEDULE - 0

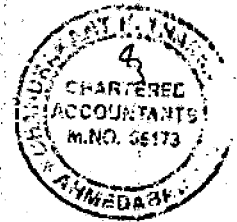
FINANCE & BANK CHARGES

Interest on Bank Loans, Institutions & Others (Net)
Bank Charges / Commission
LC Discounting Charges
Financial Charges/commission
Interest on Debentures

2006-2007
RUPEES

2005-2006
RUPEES

21,729,048	4,973,912
10,155,467	10,080,668
38,307	261,731
359,916	948,297
5,041,608	3,741,457
37,324,346	20,006,065



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

1. SIGNIFICANT ACCOUNTING POLICIES :

A. ACCOUNTING METHODOLOGY :

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the accounting standards issued by the institute of chartered accountant of India (ICAI) and the relevant provisions of the companies act, 1956.

B. REVENUE RECOGNITION :

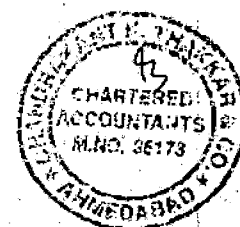
- (i) Interest Income on Advances under Loan cum Hypothecation is apportioned over the period of contract applying Implicit Rate of Return on outstanding investment.
- (ii) The interest under sharing pattern received on three wheelers finance business of HDFC Bank Ltd procured through company is accounted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

C. FIXED ASSETS

Fixed assets are stated at cost of acquisition inclusive of incidental expenses Less accumulated Depreciation.

D. DEPRECIATION :

1. Depreciation is provided on Straight Line Method, as per the rates prescribed under schedule XIV of the Companies Act, 1956.
2. Depreciation is provided on pro-rata basis.
 - (i) From the date of addition, on addition to fixed assets during the year.
 - (ii) Up to the date of disposal, on disposal of fixed assets during the year.
3. Assets costing less than Rs.5000 are depreciated fully in the year of acquisition.



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

E. ADVANCES UNDER LOAN CUM HYPOTHECATION :

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

F. 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.

G. RETIREMENT BENEFITS

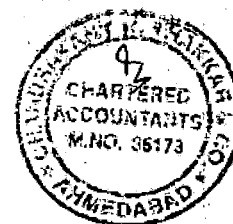
Contribution to Provident Fund and Employee's State Insurance are charged to Profit & Loss Account. The company has created an Employee's Group Gratuity Fund which has taken a Group Gratuity-Cum-Life Insurance policy from Life Insurance Corporation Of India. Gratuity is provided on the basis of the above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

H. TRANSFER AND RECOURSE OBLIGATIONS UNDER DEBT SECURITISATION AND MICRO FINANCE ARRANGEMENT

The company assigns Micro Loans and Auto Loans under securitisation transactions. The assigned loans are derecognized and gains/loses are recorded on assignment of loan contracts. Recourse obligations with respect to Debt Secursitisation and Microfinance arrangement with other financiers are provided in books as per past track record of delinquency/servicing of the loans of the company.

I. TAXATION

Income tax expense for the year comprises of current tax, deferred tax charge or credit and charge on account of fringe benefit tax. Provision for the current year tax is determined in accordance with the provisions of Income Tax act, 1961. The deferred tax is recognized on timing difference between Accounting Income and taxable income for the year and quantified using tax and laws enacted or substantially enacted on balance sheet date. Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

J. PRELIMINARY EXP.

Expenses incurred in connection with fresh issue of share capital and increase in authorized share capital are amortised over a period of five years.

2. CONTINGENT LIABILITIES

	2006-07	2005-06
Claims not acknowledged as debts	Amt. not ascertainable	Amt. not ascertainable

3. CAPITAL COMMITMENTS

Estimated amounts of contracts remaining to be executed on Capital Account (Net of Advance) and not provided for Rs. 6300000/- (P.Y. Rs. 800000/-)

4. 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.
- (d) The company has transferred 20% of the Profits to Statutory Reserve under section 45 IC of RBI Act, 1934.

5. The Company has securitised/assigned a part of its Advances receivables due from customers on the basis of recourse to the company. Gross amount of receivables securitised / assigned have been reduced from Advances portfolio as the case may be. The outstanding amount as at 31st March, 2007 net of Security Deposit margin in respect of such portfolio is Rs.59,07,29,497/- (P.Y.Rs.60,30,73,340/-)

6. Gross Block of building includes Rs.13,00,000/- (P.Y.Rs.13,00,000/-) pertaining to an office, for which conveyance deed is yet to be executed.



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

7.

(i) Interest income includes Rs.4,95,99,322/- (P.Y.Rs.6,85,47,572/-) share of interest income received from HDFC bank Ltd. for three wheeler business syndicated by the company.

(ii) Interest income includes Rs.5,31,63,766/- (P.Y. Rs.NIL) towards share of differential interest under partnership model for micro financing were such arrangement is with ICICI Bank Ltd. Such interest income is accounted over the tenure of the agreement with the borrower.

(iii) Interest on loans paid to bank is shown after write back of interest paid to bank for Rs. 54,70,705/- (P.Y. Rs.85,55,214/-) pertaining to prior period.

8. Sundry Creditors include Rs. NIL (P.Y. Rs. 4,10,50,698/-) towards the amount of Micro Finance received from a bank to be disbursed in next year on their behalf.

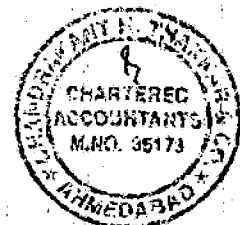
9. The difference between the balances of Unmatured finance charges, Loans and advances as per General ledger and Subsidiary ledger is under reconciliation and necessary entries if any required will be passed on reconciliation.

10. Non Convertible Debentures comprises of :

a) A-series 10.5% 18,259/- 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. Outstanding as at 31-3-2007 after repayment is Rs.1,00,53,200/- (P.Y.Rs.1,59,15,000/-)

b) B- Series – 7% 4,777/- 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. Outstanding as at 31-3-2007 after repayment is Rs.40,88,600/- (P.Y. Rs. 47,14,000/-)

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 31-03-2007 after repayment is Rs.25,09,680/- (P.Y. Rs. 50,01,000/-)

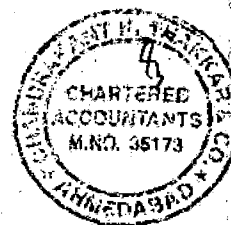


SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

- 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. Out standing as at 31/3/2007 is Rs. 51,10,000/- (P.Y. Rs. 51,10,000/-)
- 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 20% principal repayment each after 36,42,48,54 and 60 months from the date of allotment. Out standing as at 31/3/2007 is Rs.55,05,000/- (P.Y. Rs. 55,05,000)
- 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. Outstanding as at 31-3-2007 after repayment is Rs.6,64,200/- (P.Y. Rs. 9,42,600/-)
- g) "A" Series – III 11% 19990/- privately placed secured redeemable Non convertible debentures of Rs.1000/- each fully paid up, to be redeemed in 18 months from the date of allotment out standing as at 31-03-2007 is Rs. 1,99,90,000/- (P.Y. Rs. 1,99,90,000/-)
- h) "B" Series – III 7% 603 privately placed secured redeemable Non convertible debentures of Rs.1000/- each fully paid up, to be redeemed in 18 months from the date of allotment out standing as at 31-03-2007 is Rs. 6,03,000/- (P.Y. Rs. 6,03,000/-)
- i) "C" Series – III 11% 270 privately placed secured redeemable Non convertible debentures of Rs.1000/- each fully paid up, to be redeemed in 18 months from the date of allotment out standing as at 31-03-2007 is Rs. 2,70,000/- (P.Y. Rs. 2,70,000/-)

10. Loan and advances secured includes loans and advances for which hypothecation agreements have been entered with borrower. The exercise of ascertaining the Market value of such assets as on the date is under progress.



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

11. 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.

12. Following Investments were Purchased & Sold during the year :

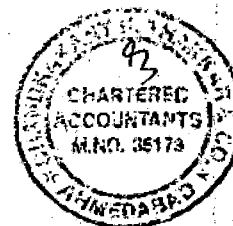
a) Mutual Funds :

(F.Y. 2006-07)

Name of the Company	Quantity Nos.	Purchase Cost Rupees	Sale Proceeds Rupees
DSP ML LIQUID FUND	51020429	632653321	632660381
PNB PRINCIPAL MUTUAL FUND	9528520	95291873	95291873
HDFC MUTUAL FUND	15558206	165483306	165483306
BIRLA MUTUAL FUND	8010267	80262881	80262881
TATA MUTUAL FUND	100114	100339275	100339275
ING VVSYA MUTUAL FUND	8024855	80328799	80329599
STANDARD CHARTERD MUTUAL FUND	251389	2514145	2514145
RELIANCE MUTUAL FUND	103530	10035300	10035300

(F.Y. 2005-06)

SBI BLUE CHIP MUTUAL FUND	50,000	5,00,000	5,17,463
---------------------------	--------	----------	----------



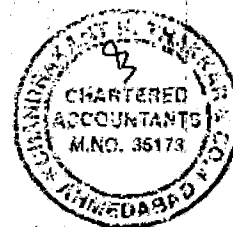
SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

13. ACCOUNTING STANDARDS :

1) AS - 3 - Cash Flow Statement

		(Rs. in Lacs)	
PARTICULARS	2006-2007	2005-2006	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax	1039.85		374.89
Adjustment for :			
Depreciation	31.13		34.91
Interest & Finance Charges	373.24		200.06
Loss on Sale of Fixed Assets	2.37		0.14
Profit / (Loss) on Sale of Shares / Bonds	0.00		(0.04)
Amortisation	0.60		33.93
Interest Income	(83.58)		(8.41)
Income from Units of Mutual fund	(0.07)		(0.17)
Dividend Income	(34.09)	289.60	(0.15) 260.27
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1329.45		635.16
Changes in Working Capital			
Increase / (Decrease) in Receivables	(232.09)		(327.21)
Increase / (Decrease) in Stock in Hire	0.00		2.26
Increase / (Decrease) in Assets Under Loan Agreement	(1973.35)		(112.63)
Increase / (Decrease) in Loans & Advances	(108.86)		684.64
Increase / (Decrease) in Current Liabilities	(467.22)	(2781.52)	405.08 652.14
CASH GENERATED FROM OPERATIONS	(1452.07)		1287.30
Interest & Finance Charges Paid	(373.24)		(200.06)
Income Tax Paid	(365.29)	(738.53)	(133.10) (333.16)
NET CASH USED IN OPERATING ACTIVITIES [A]	(2190.60)		954.14
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(82.81)		(102.38)
Sale of Assets	0.19		0.96
Purchase of Investments	0.00		0.00
Sale of Investments	0.00		2.29
Interest Income	83.58		8.41
Income from Units of Mutual fund	0.07		0.17



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

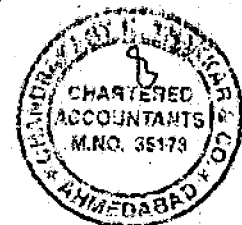
Dividend Income	34.09	0.15	
Subsidy Received	0.00	4.25	
NET CASH USED IN INVESTING ACTIVITIES [B]		35.12	(86.15)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid	(103.46)	(4.00)	
Increase / (Decrease) in Bank Borrowing	(492.03)	(283.80)	
Issue of Preference Shares	650.00	0.00	
Issue of Debentures	0.00	208.63	
Repayment of Debentures	(92.58)	(49.06)	
Increase of Authorized Capital & Share Issue Expense	(9.60)	0.00	
Increase / (Decrease) in Term Loan	2953.93	721.67	
Increase / (Decrease) in Unsecured Loan	(124.94)	(376.80)	
NET CASH FLOW FROM FINANCING ACTIVITIES [C]		2781.32	216.64
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS		625.84	1084.63
Cash & Cash Equivalents at the Begning of the year		1222.15	137.52
Cash & Cash Equivalents at the End of the year		1847.99	1222.15

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	2006-2007	2005-2006
a. Kamlesh C. Gandhi.		
b. Mukesh C. Gandhi.		
Managerial Remuneration (Including Perquisites)	31,47,565	23,26,148



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

- 2) Relatives of Key Management Personnel to whom interest on deposits for Rs. NIL (P.Y. Rs.4002/-) has been paid.
- Rushil M. Gandhi.
 - Dhwanil K. Gandhi.
 - 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	2006-2007	2005-2006
A Profit for the year after tax Attributable to equity shareholders in Rupees	6,49,76,804	2,24,01,601
B Weighted average no. of equity shares	46,66,667	40,00,000
C Nominal value of equity shares	10	10
D Basic and Diluted earnings per share in Rupees	13.92	5.60

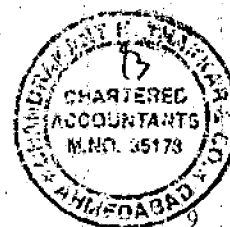
5) AS - 22 Accounting for Taxes on Income

The break up of net deferred tax liability is as under.

The components of deferred tax balance are set out below

Particulars	31/03/2007 (Rs.)	31/03/2006 (Rs.)
Tax Impact of difference between Book and Tax Written Down Values of Fixed Assets	33,62,431	31,28,047

The above working of deferred tax is based on assessment orders where assessments are complete and on return of income in other cases.



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

14. (a) Remuneration to Managing and Whole time Director :

	2006-07 Rupees	2005-06 Rupees
Salary/Bonus	30,70,575	18,00,000
Contribution to Provident Fund	18,720	18,720
Other Perquisites	58,270	5,07,428
Total	<u>31,47,565</u>	<u>23,26,148</u>

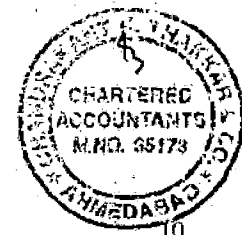
(b) Computation of Net Profit as per section 349 read with section 309(5) and of section 198 of the Companies Act, 1956 is not furnished as no commission is payable to the Managing Director and Whole Time Director.

15. Auditors Remuneration :-

	2006-07 Rupees	2005-06 Rupees
Audit Fees	1,68,360	1,37,750
Tax Audit Fees	67,344	55,100
In other Capacity	1,33,816	98,375
Total	<u>3,69,520</u>	<u>2,91,225</u>

16. 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 31/03/2007	
Liabilities side :			
(1)	Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but not Paid :	Amount Out- Standing	Amount Overdue
		487.94 NIL	NIL NIL
	(a) Debentures : Secured : Unsecured (other than falling within the		



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

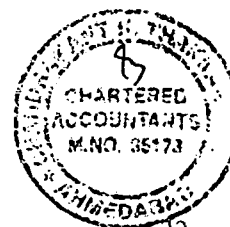
Meaning of public deposits*)			
	(b) Deferred Credits	NIL	NIL
	[c] Term Loans	3818.81	NIL
	(d) Inter-corporate loans and borrowing	33.80	NIL
	(e) Commercial Paper	NIL	NIL
	(f) Public Deposits*	NIL	NIL
	(g) Other Loans (specify nature)		
	Cash credit and Security Deposits	957.09	NIL
	*Please see note 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
	(b) In the form of partly secured Debentures i.e. debentures where there is a shortfall in the value of security	NIL	NIL
	[c] Other public deposits	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	5032.82	
	(b) Unsecured	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	NIL	
	(b) Operating lease	NIL	
	(ii) Stock on hire including hire charges :		
	(a) Assets on hire	NIL	



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

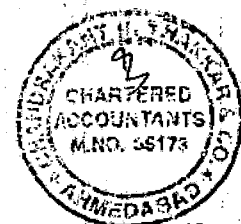
	(b) Repossessed Assets	NIL
	(iii) Hypothecation loans counting towards EL/HP activities :	
	(a) Loans where assets have been Repossessed	NIL
	(b) Loans other than (a) above	NIL
(5)	Break-up of investments :	
	<u>Current investments :</u>	
	1. <u>Quoted :</u>	
	(i) Shares : (a) Equity (b) Preference	NIL NIL
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (please specify)	NIL
	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	1.82
	(ii) Debentures and Bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	10.62
	(v) Others (please specify)	NIL



**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

SCHEDULE - P

	<p>2. <u>Unquoted</u> :</p> <p>(i) Shares : (a) Equity 0.07 (b) Preference NIL</p> <p>(ii) Debentures and Bonds NIL</p> <p>(iii) Units of mutual funds NIL</p> <p>(iv) Government Securities NIL</p> <p>(v) Others (please specify) NIL</p>			
(6)	<p>Borrower group-wise classification of all leased assets, stock-on-Hire and loans and advances (Inclusive of Debtors) : Please see Note 2 below</p>			
	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 **	5032.82	NIL	5032.82
	Total	5032.82	NIL	5032.82
(7)	<p>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</p>			
	Category	Market Value / Break Up or fair value or NAV	Book Value (Net of Provisions)	
	1. related Parties **			
	(a) Subsidiaries	NIL	NIL	



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

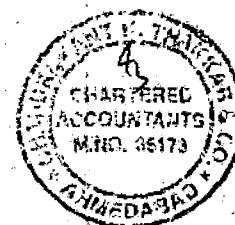
	(b) Companies in the same group	NIL	NIL
	(c) Other related parties	NIL	NIL
	2. Other than related Parties **	12.51	10.90
	Total	12.51	10.90

** As per Accounting Standard of ICAI (Please see note 3)

(8)	Other information	
	Particulars	Amount
	(i) Gross Non-Performing Assets	
	(a) related parties	NIL
	(b) Other than related parties	190.46
	(ii) Net Non-performing Assets	
	(a) related parties	NIL
	(b) Other than related parties	169.53
	(iii) Assets acquired in satisfaction of debt	307.73

Notes :

1. As defined in Paragraph 2 (1) (xii) of the Non-Banking financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
3. 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.



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

17. 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.

18. Balance with other Banks :-

	2006-07 Rupees	2005-06 Rupees
IN CURRENT ACCOUNT WITH CO-OPERATIVE BANK		
Bhagyoday Co-Op. Bank Ltd. (Maximum amount outstanding During the year Rs. 16,124) (P.Y. Rs.16,124)	16,124	16,124
IN FIXED DEPOSIT WITH CO-OP BANK		
The Nadiad Mercantile Co.Op. Bank Ltd. (Maximum amt. outstanding during the year Rs. 40000/-) (P.Y. Rs. 40000/-)	40,000	40,000
19. Expenditure in Foreign Currency. Travelling	87150	NIL
20. Earnings in Foreign Currency.	NIL	NIL
21. Figures of the Previous Year have been regrouped wherever necessary.		

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

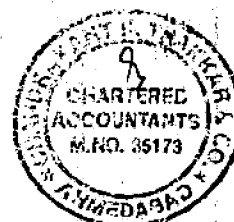
I. Registration details

Registration No. : 26064
State Code : 04
Balance Sheet Date : 31ST MARCH 2007

II. Capital raised during the year

(Amount Rs. in Thousands)

Public Issue : NIL
Right Issue : NIL



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007.

SCHEDULE - P

Bonus Issue	20,000
Private Placement	65,000

III. Position of Mobilisation and Deployment of Funds (Amount Rs. In Thousands)

Total Liabilities	745849
Total Assets	745849
Sources of Funds	
Paid-Up Capital	125000
Reserve & Surplus	87723
Secured Loans	480978
Unsecured Loans	48786
Deferred Tax Liability	3362
Application of Funds	
Net fixed Assets	36657
Investments	1090
Net Current Assets	707334
Miscellaneous Expenditure	768
Accumulated Losses	NIL

IV. Performance of the Company (Amount Rs. In Thousands)

Total Income	286100
Total Expenditure	182115
Profit Before Tax	103985
Profit After Tax	68660
Earnings per share (Rs.)	13.92
Dividend Rate (%)	15 %



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

SCHEDULE - P

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

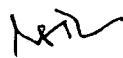
Item Code No.
Product description

Not Applicable
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 : 30th May 2007.



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)