

NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the Members of the Company will be held at 4th Floor, Narayan Chambers, B/h. Patang Hotel, Ashram Road, Ahmedabad – 380 009 on 22nd September, 2010 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To adopt and approve the Audited Balance Sheet as at 31st March, 2010 & Profit and Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Bala Bhaskaran who retires by rotation and being eligible offer himself for re-appointment.
3. To appoint a Director in place of Shri Jagdish Joshipura who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint the Auditors and fix their remuneration.

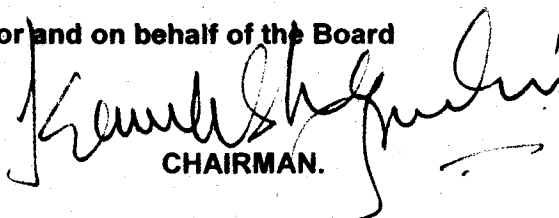
SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

RESOLVED THAT in partial modification of the earlier resolution passed by the members in Extra Ordinary General Meeting held on 30th Septmber, 2008 the Board of Directors of the Company be and are hereby authorised under the provisions of the section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, for borrowing money from time to time, notwithstanding that the money or monies to be borrowed together with monies already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of the paid up share capital of the company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed a sum of Rs. 750,00,00,000/- (Rupees Seven Hundred Fifty Crores only).

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorised to do such acts, deeds, matters and things and to execute such documents or writings as it may consider necessary, expedient or proper for the purpose of giving effect to this resolution

For and on behalf of the Board


CHAIRMAN.

Place : AHMEDABAD

Date : 28TH JULY, 2010

NOTES :

1. A member entitled to attend and vote at the meeting is also entitled to appoint proxy to attend and vote instead of himself and such proxy need not be a member of the company. The proxies in order to be effective must be lodged with the company not less than 48 hours before the meeting.
2. Members are requested to notify immediately any change in their address to the Company's Registered Office.
3. Members are requested to bring their copies of the Annual Report to the meeting.
4. The Members/Proxies should bring the Attendance Slip sent herewith duly filled for attending the meeting.
5. Explanatory statement in respect of special business is annexed to the notice.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF COMPANIES ACT, 1956.

ITEM NO. 5

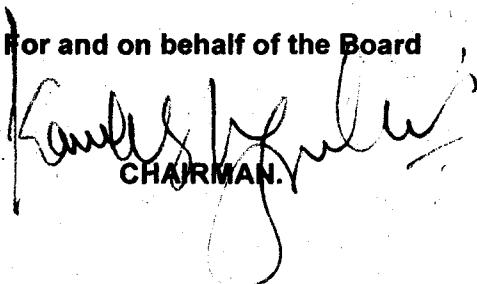
The Company is expanding its activities day by day and for this purpose, it needs to borrow fund as per requirement from time to time in ordinary course of business. In the Extra Ordinary General Meeting held on 30-09-2008, the members had given approval to borrow money in excess of the aggregate of the paid up share capital of the company and its free reserves to the tune of Rs. 750 crore.

Now looking at the current activities of the company, it may need to borrow more fund in ordinary course of business and therefore, the limit of Rs. 500 crore is now proposed to be raised to Rs. 750 crore. The Company may borrow money from any banks/company /persons as may be required from time to time.

Section 372A of the Companies Act, 1956 requires the consent of members to borrow money in excess of the aggregate of the paid up share capital of the company and its free reserves. Hence this resolution is proposed for your approval as an Ordinary Resolution.

None of the Directors interested in the said resolution.

Place : AHMEDABAD
Date : 28TH JULY, 2010

For and on behalf of the Board

CHAIRMAN.

DIRECTORS' REPORT

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

Your Directors are happy to present the Fifteenth ANNUAL REPORT of your Company together with the Audited Accounts drawn for the year ended on 31st March 2010.

FINANCIAL RESULTS :

| | Year Ended 31/03/10 RUPEES | Year Ended 31/03/09 RUPEES |
|--|---|---|
| Interest on Loans to Customers (Net) | 596725077 | 421919254 |
| Income From Operations & Other Income | 114274219 | 79507489 |
| Total Income | 710999296 | 501426743 |
| Total Expenditure | 510037944 | 391508456 |
| Profit Before Taxes | 200961352 | 109918287 |
| Provision for Taxation (Including Deferred Tax, Fringe Benefit Tax & Income Tax of earlier Years) | 68767730 | 35415511 |
| Profit After Taxes | 132193622 | 74502776 |
| Short Provision for taxation of earlier years | 97531 | 2035865 |
| Net Profit | 132096091 | 72466911 |
| Profit Brought Forward | 16578450 | 43264920 |
| Profit Available for Appropriation | 148674541 | 115731831 |
| <u>APPROPRIATIONS :</u> | | |
| Transfer to Statutory Reserve | 26419218 | 14900555 |
| Proposed Dividend | 76204763 | 58124985 |
| Corporate Tax on Dividend | 12951002 | 9878341 |
| Transfer to General Reserve | - | - |
| Transfer to Capital Redemption Reserve | 16249500 | 16249500 |
| Surplus Balance carried to Balance Sheet | 16850058 | 16578450 |
| | 148674541 | 115731831 |

BUSINESS PERFORMANCE.

In the year 2009-10 the company could register all round robust growth, quiet evident from the financials presented above. The gross income realized by the company is ₹71.09Crore (Previous year ₹50.14Crore) comprising of Interest Income on Loans to customers. Net Profit after tax is ₹ 13.21Crore (Previous year ₹7.25Crore). Asset under management is ₹388.47Crore.(Previous year ₹ 268.17Crore). This year did not only witness substantial rise in assets under management and PAT, but a very solid platform has been created for future scalability.

PROSPECTS AND DEVELOPMENTS:-

The focus on **financial inclusion** continues to be the key driver of the growth for the company. Various products ranging from Micro Loans to Home Loans (through its subsidiary MRHMFL) caters to the various needs of the vast section of the society. Needless to mention, that this is a very huge market to be served creating an opportunity on a large scale for all well managed enterprises engaged in extending financial services to this class.

The company has extended its area of operations to Rajasthan, Maharashtra besides Gujarat. The company has plans to cater to few regions in Madhya Pradesh and Tamilnadu too in the coming year. Expansion in the areas of operation accompanied by the wide product range will ensure scalability.

Your company has drawn detail business plan to explore the available opportunity. An immaculate execution skill is the key to bring about efficient delivery of the financial services, which ensures affordability to the end user. The financial inclusion agenda is incomplete without the element of affordability imbibed in the same. Your company being aware of the above fact is constantly on the drive to provide affordable financial services. Your company's expertise over nearly two decades confers an unique positioning in this space.

The confidence of the Company's management to emerge as a very significant player in the industry stems out of the following facts:

- Large customer base,
- Knowledge of the local market,
- Large dealer network,
- Established name presence,
- Well developed organization channel,
- Thrust on creating and maintaining quality portfolio
- Constant endeavour to develop its human resources
- Willingness to re-strategize to keep pace with the developments.

MRHMFL (Mas Rural Housing & Mortgage Finance Ltd. – subsidiary of MFSL) is in the process of setting up requisite infrastructure and process at place in order to achieve the target of scalable and sustainable development. The company expects to have a substantial growth in its book size within next two years. The company continues its activities to be a very active player in the affordable housing finance space which is a huge market to be served.

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. The company could raise the required resources from various banks and financial institutions comfortably. We anticipate the same response from all our lending partners for the coming year too. The company anticipates credit lines from few more banks and financial institutions besides the existing ones.

Your Company continues to command the respect and the confidence of Bankers as their extended channel in their task of providing efficient delivery of credit. The company acknowledges the constructive support of the Investors and consortium member banks.

RISK MANAGEMENT

Financing activity is the business of management of risks which in turn is the function of the appropriate credit models and the robust systems and operations. Your company continues to focus 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 94% recovery, with overdue of 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 is ₹ 2.63 Crore which is approximately 0.68% of Credit exposure which includes managed portfolio.

CAPITAL

The Total Issued and Paid-Up Capital at the end of the Fourteenth Year - Equity Share Capital ₹ 9,50,00,000(Nine Crores Fifty Lacs).

DIVIDEND

Your Company has paid an Interim Dividend of 6.50% in the year 2009-10. To preserve and maintain adequate amount of reserves for the better performance of the Company, the Board does not propose any final dividend for the year ended on 31st March, 2010.

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.

INSURANCE:

The assets of your Company have been adequately insured.

LEGISLATIVE AND REGULATORY ISSUES

We continue to pursue our most justified demands for providing level playing field to the NBFCs. 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, 2010 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, 2010 and of the profit for the period from 1st April, 2009 to 31st March, 2010.
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 2010 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. Deloitte Haskins & Sell, 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 2010-11.

DIRECTORS.

As per the provision of section 256 of the Companies Act, 1956, Mr. Bala Bhaskaran and Mr. Jagdish Joshipura retires by rotation at forthcoming Annual General Meeting and being eligible, offer themselves for the re-appointment. Resolutions seeking approval of the share holders for their re-appointment have been incorporated in the notice of the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT.

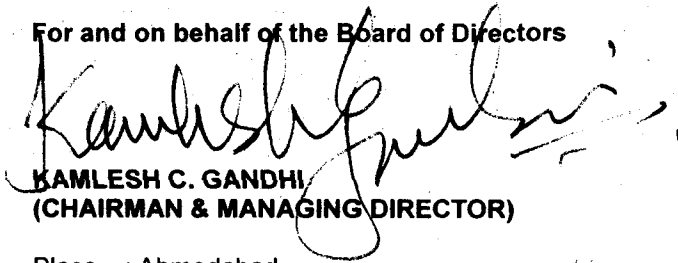
The Directors place on record their appreciation to all those people, who have so willingly placed their trust in the company & management and to more than 3.25 lacs customers across the length and breadth of the states of Gujarat, Rajasthan and Maharashtra, who have given the company opportunity to 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.....together we can and we will.

Best Wishes,

For and on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Kamlesh C. Gandhi', written over the typed name and title.

KAMLESH C. GANDHI
(CHAIRMAN & MANAGING DIRECTOR)

Place : Ahmedabad.

Date : 28th July, 2010.

AUDITORS' REPORT TO THE MEMBERS OF MAS FINANCIAL SERVICES LIMITED

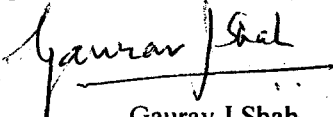
1. We have audited the attached Balance Sheet of **MAS FINANCIAL SERVICES LIMITED** ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (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 it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

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- (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117365W)


Gaurav J Shah
Partner
(Membership No.35701)

Ahmedabad, 28th July, 2010

Deloitte Haskins & Sells

ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 of our report of even date)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) The Company being a Non Banking Financial Company has no inventory. Accordingly, the provisions of clauses 4(ii) (a), (b) & (c) of CARO are not applicable to the Company
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In our opinion and according to the information and explanations given to us there are no contracts or arrangements referred to in Section 301 of the Act during the year that need to be entered in the register maintained under that Section. Accordingly, clause (v)(b) of paragraph 4 of CARO is not applicable to the Company for the current year.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

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Deloitte Haskins & Sells

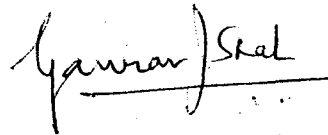
- (viii) In respect of the activities of the Company, maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses as at the end of the financial year and it has not incurred cash losses in the financial year 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 the repayment of dues to banks, financial institutions and debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, no loans have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities..
- (xiii) The Company is not a Chit fund, nidhi, mutual benefit fund or a society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures or any other investments..
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained other than temporary deployment pending application.

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- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year and there were no debentures outstanding at the end of the year.
- (xx) The Company has not raised any monies by way of public issue during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)



Gaurav J Shah
Partner
(Membership No. 35701)

Ahmedabad, 28th July, 2010

MAS FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT 31ST MARCH 2010

| | Schedule | Rupees | As at 31st March 2010 Rupees | As at 31st March 2009 Rupees |
|--|----------|---------------|------------------------------------|------------------------------------|
| SOURCES OF FUNDS | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| Share Capital | A | 994,710,900 | | 994,710,900 |
| Reserves & Surplus | B | 163,899,670 | | 120,959,344 |
| | | | 1,158,610,570 | 1,115,670,244 |
| Deferred Subsidy | C | | 803,193 | 1,074,015 |
| LOAN FUNDS | | | | |
| Secured Loans | D | 2,287,437,523 | | 1,356,413,675 |
| Unsecured Loans | E | 101,277,237 | | 128,321,097 |
| | | | 2,388,714,760 | 1,484,734,772 |
| Deferred Tax Liability (Refer Note No 12 of Schedule P) | | | 1,036,867 | 1,269,137 |
| | | | <u>3,549,165,390</u> | <u>2,602,748,168</u> |
| APPLICATION OF FUNDS | | | | |
| Fixed Assets | | | | |
| Gross Block | F | 86,469,516 | | 80,538,262 |
| Less : Depreciation | | 34,759,423 | | 28,177,787 |
| Net Block | | 51,710,093 | | 52,360,475 |
| Capital Work in Progress | | 283,612 | | - |
| | | | 51,993,705 | 52,360,475 |
| Investments | | | | |
| | G | | 90,934,327 | 90,934,327 |
| Current Assets, Loans & Advances | | | | |
| Sundry Debtors | H | 149,523,938 | | 126,472,116 |
| Cash and Bank Balances | | 710,113,742 | | 476,642,778 |
| Other Current Assets | | 7,843,568 | | 12,726,840 |
| Loans and Advances | | 2,691,381,535 | | 1,948,768,420 |
| | | | 3,558,862,783 | 2,564,610,154 |
| Less : | | | | |
| Current Liabilities & Provisions | | | | |
| Current Liabilities | I | 51,000,162 | | 34,750,135 |
| Provisions | | 101,625,263 | | 70,406,653 |
| | | | 152,625,425 | 105,156,788 |
| Net Current Assets | | | <u>3,406,237,358</u> | <u>2,459,453,366</u> |
| Miscellaneous Expenditure (To the extent not written off or adjusted) | | | | |
| | J | | | |
| | | | <u>3,549,165,390</u> | <u>2,602,748,168</u> |
| Significant Accounting Policies and Notes on Accounts | | | | |
| | P | | | |

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah

Gaurav J. Shah
Partner
(Membership No. 35701)



For and on behalf of the Board of Directors

Kamlesh C. Gandhi

Kamlesh C. Gandhi
(Chairman & Managing Director)

Mukesh C. Gandhi

Mukesh C. Gandhi
(Whole Time Director)

For, MAS Financial Services Ltd.

[Signature]
Company Secretary

Place : Ahmedabad

Date : 28th July, 2010

Place : Ahmedabad

Date : 28/07/10

MAS FINANCIAL SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

| | Schedule | Year ended 31st March 2010 Rupees | Year ended 31st March 2009 Rupees |
|---|----------|--|--|
| INCOME | | | |
| Interest on loans to Customers (Net) | | 596,725,077 | 421,919,254 |
| Income from Operations | K | 96,448,825 | 52,945,365 |
| Other Income | L | 17,825,394 | 26,562,124 |
| | | 710,999,296 | 501,426,743 |
| EXPENDITURE | | | |
| Personnel Expenses | M | 55,824,148 | 41,142,917 |
| Administrative & Other Expenses | N | 210,675,503 | 173,170,635 |
| Interest, Finance & Bank Charges | O | 236,652,713 | 171,286,238 |
| Depreciation | | 6,885,580 | 5,908,666 |
| | | 510,037,944 | 391,508,456 |
| Profit Before Taxation | | 200,961,352 | 109,918,287 |
| PROVISION FOR TAXATION : | | | |
| -Current Tax | | 69,000,000 | 35,900,000 |
| -Deferred Tax | | (232,270) | (1,809,489) |
| -Fringe Benefit Tax | | - | 1,325,000 |
| Profit After Tax | | 132,193,622 | 74,502,776 |
| Short provision for taxation of earlier years | | 97,531 | 2,035,865 |
| Net Profit | | 132,096,091 | 72,466,911 |
| Balance Brought Forward | | 16,578,450 | 43,264,920 |
| Profit available for appropriation | | 148,674,541 | 115,731,831 |
| APPROPRIATIONS | | | |
| Reserve u/s. 45-IC of RBI Act, 1934 | | 26,419,218 | 14,900,555 |
| Proposed Interim Dividend on Preference Shares | | 68,604,763 | - |
| Proposed Interim Dividend on Equity Shares | | 7,600,000 | - |
| Proposed Dividend on Preference Shares | | - | 52,424,985 |
| Proposed Dividend on Equity Shares | | - | 5,700,000 |
| Corporate Dividend Tax | | 12,951,002 | 9,878,341 |
| Transfer to Capital Redemption Reserve | | 16,249,500 | 16,249,500 |
| Balance carried to Balance Sheet | | 16,850,058 | 16,578,450 |
| | | 148,674,541 | 115,731,831 |
| Earnings Per Share (Refer Note No. 17 of Schedule P) (Face value of Rs. 10) | | | |
| Basic | | 5.46 | 1.17 |
| Diluted | | 5.37 | 1.15 |
| Significant Accounting Policies and Notes on Accounts | | P | |

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah

Gaurav J. Shah
Partner
(Membership No. 35701)



Place : Ahmedabad
Date : 28th July, 2010

For and on behalf of the Board of Directors

Kamlesh C. Gandhi

Kamlesh C. Gandhi
(Chairman & Managing Director)

Mukesh C. Gandhi
Mukesh C. Gandhi
(Whole Time Director)

Place : Ahmedabad
Date : 28/07/10

For, MAS Financial Services Ltd.
[Signature]
Company Secretary

MAS FINANCIAL SERVICES LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

| | Year ended 31st March 2010 Rupees | | Year ended 31st March 2009 Rupees | |
|---|---|---------------|---|---------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit Before Tax | | 200,961,352 | | 109,918,287 |
| Adjustment for: | | | | |
| Depreciation | 6,885,580 | | 5,908,666 | |
| Interest Paid | 215,224,237 | | 155,131,213 | |
| Loss on Sale of Fixed Assets | 51,162 | | 22,831 | |
| Provision for Non Performing Assets | 725,847 | | 320,105 | |
| Bad Debts Written Off | 31,571,401 | | 26,250,859 | |
| Loss on Sale of Repossessed Assets | 6,692,479 | | 10,788,724 | |
| Sundry Balances Written Back | (1,244,859) | | (2,886,026) | |
| (Profit) / Loss on Redemption of Bonds | - | | (8,692) | |
| Miscellaneous Expenditure Written off | - | | 2,276,000 | |
| Depreciation Recouped from Deferred Subsidy | (270,822) | | (186,658) | |
| Interest Income | (15,225,344) | | (17,681,225) | |
| Profit on Redemption/Sale of Mutual Funds | - | | (111,016) | |
| Provision for Employee Benefits | 920,971 | | 394,135 | |
| Dividend Income | (974,451) | 244,356,201 | (5,520,925) | 174,697,991 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | 445,317,553 | | 284,616,278 |
| Changes in Working Capital | | | | |
| (Increase) / Decrease in Sundry Debtors | (23,777,669) | | (22,377,795) | |
| (Increase) / Decrease in Loans & Advances | (758,720,897) | | (462,682,619) | |
| (Increase) / Decrease in Other Receivables | (17,866,498) | | (9,413,961) | |
| Increase / (Decrease) in Current Liabilities | 16,101,500 | (784,263,564) | 8,235,811 | (486,238,564) |
| CASH GENERATED FROM OPERATIONS | | (338,946,011) | | (201,622,286) |
| Interest Paid | (221,889,677) | | (152,703,861) | |
| Income Tax Paid | (68,875,336) | (290,765,013) | (39,106,271) | (191,810,132) |
| NET CASH USED IN OPERATING ACTIVITIES [A] | | (629,711,024) | | (393,432,418) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Fixed Assets | (6,592,972) | | (11,027,398) | |
| Sale of Fixed Assets | 23,000 | | 13,000 | |
| Purchase of Investments | - | | (70,000,000) | |
| Sale/Redemption of Investments | - | | 164,000 | |
| Interest Income | 16,108,404 | | 17,949,651 | |
| Profit on Redemption/Sale of Mutual Funds | - | | 111,016 | |
| Dividend Income | 974,451 | | 5,520,925 | |
| NET CASH FROM / (USED IN) INVESTING ACTIVITIES [B] | | 10,512,883 | | (57,268,806) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Dividends Paid | (58,124,850) | | (19,494,611) | |
| Increase / (Decrease) in Working Capital Loans from Banks | 370,849,035 | | (59,700,003) | |
| Increase / (Decrease) in Term Loans & Deposits | 540,936,564 | | (65,556,855) | |
| Proceeds from issue of Preference Shares | - | | 834,710,900 | |
| Repayment of Debentures | (970,000) | | (25,721,200) | |
| Subsidy Received | - | | 877,800 | |
| Interest on Debentures | (21,644) | | (1,747,800) | |
| NET CASH FROM FINANCING ACTIVITIES [C] | | 852,669,105 | | 663,368,231 |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | 233,470,964 | | 212,667,007 |
| Cash and Cash Equivalents at the beginning of the year | | 476,642,778 | | 263,975,771 |
| Cash and Cash Equivalents at the end of the year | | 710,113,742 | | 476,642,778 |



For, MAS Financial Services Ltd.

[Signature]
Company Secretary

MAS FINANCIAL SERVICES LTD.

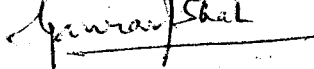
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

Notes:

1. Cash and cash equivalents include amount not available for immediate use :
Fixed Deposit/Cash Collateral in lien with Banks Rs. 193,029,870 (Previous year Rs. 178,639,879)
2. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
3. Previous year's figures have been regrouped and reclassified wherever necessary.

In terms of our report attached


For Deloitte Haskins & Sells
Chartered Accountants



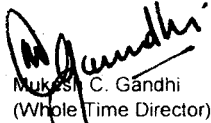
Gaurav J. Shah
Partner
(Membership No. 35701)



For and on behalf of the Board of Directors



Kamlesh C. Gandhi
(Chairman & Managing Director)



Mukesh C. Gandhi
(Whole Time Director)

Place : Ahmedabad

Date : 28th July, 2010

Place : Ahmedabad

Date : 28/07/10

MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 2010

| | As at 31st March 2010 Rupees | As at 31st March 2009 Rupees |
|---|------------------------------------|------------------------------------|
| SCHEDULE - A | | |
| SHARE CAPITAL | | |
| AUTHORISED : | | |
| 15,500,000 Equity Shares of Rs. 10/- each. | 155,000,000 | 155,000,000 |
| 650,000 Cumulative Redeemable Non Convertible Preference Shares of Rs.100/- each. | 65,000,000 | 65,000,000 |
| 40,000,000 8% Cumulative Redeemable Preference Shares of Rs.10/- each. | 400,000,000 | 400,000,000 |
| 44,000,000 7% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- each. | 440,000,000 | 440,000,000 |
| | 1,060,000,000 | 1,060,000,000 |
| ISSUED, SUBSCRIBED AND PAID UP : | | |
| 9,500,000 Equity Shares of Rs.10/-each fully paid-up.* | 95,000,000 | 95,000,000 |
| 650,000 Cumulative Redeemable Non-Convertible Preference Shares of Rs.100/- each (Refer Note No. 5 of Schedule P) | 65,000,000 | 65,000,000 |
| 40,000,000 8% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up (Refer Note No. 6 of Schedule P) | 400,000,000 | 400,000,000 |
| 43,471,090 7% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- each (Refer note no.7 of Schedule P) | 434,710,900 | 434,710,900 |
| | 994,710,900 | 994,710,900 |
| Notes:- | | |
| 1 * Out of the above | | |
| (a) 914,800 Equity Shares of Rs. 10/- each were allotted as fully paid-up at par for consideration other than cash. | | |
| (b) 5,000,000 Equity Shares of Rs. 10/- each fully paid-up were allotted as bonus shares by capitalisation of profits. | | |
| 2 . For particulars of options on unissued share capital, refer Note nos. 5(b) and 6(c) of Schedule P. | | |



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 2010

| | Rupees | As at 31st March 2010 Rupees | As at 31st March 2009 Rupees |
|--|------------|------------------------------------|------------------------------------|
| SCHEDULE - B | | | |
| RESERVES AND SURPLUS | | | |
| 1. Reserve u/s. 45-IC of RBI Act, 1934 : | | | |
| Balance as per last Balance Sheet | 56,832,814 | | 41,932,259 |
| Add : Transferred from Profit & Loss Account | 26,419,218 | | 14,900,555 |
| | | 83,252,032 | 56,832,814 |
| 2. General Reserve | | | |
| Balance as per last Balance Sheet | 4,215,747 | | 5,459,844 |
| Less: Adjustment on account of adoption of Accounting Standard 15 (revised) on 'Employee Benefits' [net of deferred tax credit of Rs.Nil (Previous Year: Rs. 415,035)] | | | 1,244,097 |
| | | 4,215,747 | 4,215,747 |
| 3. Capital Redemption Reserve | | | |
| Balance as per last Balance Sheet | 43,332,333 | | 27,082,833 |
| Add : Transfer during the year* | 16,249,500 | | 16,249,500 |
| | | 59,581,833 | 43,332,333 |
| 4. Balance in Profit & Loss Account | | 16,850,058 | 16,578,450 |
| | | 163,899,670 | 120,959,344 |
| * In accordance with terms, if any, of setting up Redemption Reserve as per the respective Investment Agreements under which the Cumulative Redeemable Preference Shares have been issued. | | | |
| SCHEDULE - C | | | |
| DEFERRED SUBSIDY | | | |
| Balance as per last Balance Sheet | 1,074,015 | | 1,481,233 |
| Less :Reversed during the year on short receipt | | | 177,543 |
| Less :Recouped during the year (Refer Para 1.G of Schedule P) | 270,822 | | 229,675 |
| | | 803,193 | 1,074,015 |



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 2010

| | As at 31st March 2010 Rupees | As at 31st March 2009 Rupees |
|--|------------------------------------|------------------------------------|
| SCHEDULE - D | | |
| SECURED LOANS | | |
| Non Convertible Debentures | - | 970,000 |
| Working Capital Loans from banks | 633,076,537 | 262,227,502 |
| Term Loans : | | |
| From Banks (Amount due within one year Rs. 901,586,280, Previous year Rs. 744,470,646) | 1,597,887,567 | 964,858,213 |
| From a Financial Institution (Amount due within one year Rs. 23,463,000, Previous year Rs. 28,975,000) | 55,583,000 | 84,558,000 |
| From Others (Amount due within one year Rs. Nil Previous year Rs.35,000,000) | - | 35,000,000 |
| Vehicle Loans from Banks (Amount due within one year Rs.573,296, Previous year Rs.1,103,314) | 573,296 | 1,676,610 |
| Interest Accrued and Due on above | 317,123 | 7,123,350 |
| | 2,287,437,523 | 1,356,413,675 |
| NOTES : | | |
| 1 Working Capital Loans from Banks are secured by first charge by way of hypothecation of movables assets of the Company and goods covered under HP Agreements/ Loan cum Hypothecation Agreements and relative bookdebts, receivables, loans and advances etc.and equitable mortgage by deposit of title deeds on some of the Company's immovable properties. The loans are also guaranteed by two directors of the Company. | | |
| 2 Term Loans from banks Rs. 1,594,500,606 are secured by a first charge on present and future movables, receivables, book debts, outstanding monies and other dues arising out of the term loans, lien on fixed deposits and personal guarantee of two directors of the Company. Term loans from bank of Rs. 3,386,961 are secured by equitable mortgage by deposit of title deeds of immovable property at fourth floor, Narayan Chambers, Ashram Road, Ahmedabad and personal guarantee of two directors of the Company. | | |
| 3 Term Loans from a financial institution are secured by a first charge by way of hypothecation of equipments and other assets including book debts created out of the loans availed and also lien on specific bank fixed deposits. The loans are also guaranteed by two directors of the Company. | | |
| 4 Vehicle Loans from Banks are secured by hypothecation of the vehicles financed. | | |



MAS FINANCIAL SERVICES LIMITED

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 2010**

| | As at 31st March 2010 Rupees | As at 31st March 2009 Rupees |
|---|------------------------------------|------------------------------------|
| SCHEDULE - E | | |
| UNSECURED LOANS | | |
| Inter Corporate Deposits | - | 1,430,000 |
| Security Deposits | 82,690,947 | 9,295,020 |
| Short Term Loan from a Bank | - | 55,000,000 |
| Interest Accrued and Due on above | - | 29,384 |
| Other Loans | | |
| From Bank | - | 27,304,630 |
| From a Company | 18,586,290 | 35,262,063 |
| (Amount due within one year Rs.18,586,290; Previous Year Rs.43,980,403) | | |
| | 101,277,237 | 128,321,097 |



MAS FINANCIAL SERVICES LIMITED

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 2010**

SCHEDULE - F

FIXED ASSETS

| DESCRIPTION OF ASSETS | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | NET BLOCK | | |
|-----------------------------|-----------------------|------------|------------|-------------------|-------------------|-----------------|------------------|-------------------|-------------------|-------------------|
| | AS AT 01-04-09 | ADDITIONS | DEDUCTIONS | AS AT 31-03-10 | AS AT 01-04-09 | FOR THE YEAR | ON DEDUCTIONS | AS AT 31-03-10 | AS AT 31-03-10 | AS AT 31-03-09 |
| | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES |
| Office Building* | 22,827,914 | - | - | 22,827,914 | 2,006,785 | 372,095 | - | 2,378,880 | 20,449,034 | 20,821,129 |
| Office Equipments | 32,795,765 | 4,849,491 | 378,106 | 37,267,150 | 18,986,266 | 4,465,024 | 303,944 | 23,147,346 | 14,119,804 | 13,809,499 |
| Furniture & Fixtures | 18,221,612 | 662,602 | - | 18,884,214 | 4,668,123 | 1,485,917 | - | 6,154,040 | 12,730,174 | 13,553,489 |
| Vehicles | 6,692,971 | 797,267 | - | 7,490,238 | 2,516,613 | 562,544 | - | 3,079,157 | 4,411,081 | 4,176,358 |
| Total : | 80,538,262 | 6,309,360 | 378,106 | 86,469,516 | 28,177,787 | 6,885,580 | 303,944 | 34,759,423 | 51,710,093 | 52,360,475 |
| Previous Year | 65,461,020 | 15,336,057 | 258,815 | 80,538,262 | 22,492,105 | 5,908,666 | 222,984 | 28,177,787 | 52,360,475 | |

*** Note :**

Gross Block of building includes Rs.1,418,582/- (Previous Year: Rs. 1,418,582/-) pertaining to premises not in the name of the Company and for which conveyance deeds are yet to be executed.



MAS FINANCIAL SERVICES LIMITED

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 2010

SCHEDULE - G
INVESTMENTS :

| | Face Value Per Share/ Bond Rupees | As at 31st March, 2010 | | As at 31st March, 2009 | |
|--|--|----------------------------|-------------------|----------------------------|-------------------|
| | | No. of Shares/ Bonds | Rupees | No. of Shares/ Bonds | Rupees |
| LONG TERM INVESTMENTS (AT COST) : | | | | | |
| (A) NON-TRADE: | | | | | |
| QUOTED | | | | | |
| In Government Securities: | | | | | |
| 11.5% GOI BOND 2015 | 795,000 | | 761,213 | | 761,213 |
| In Bonds | | | | | |
| 11.5% IDBI BOND 2009 | 100,000 | 1 | 103,198 | 1 | 103,198 |
| In Equity Shares (Fully Paid Up): | | | | | |
| Apple Finance Ltd. | 10 | 100 | 2,150 | 100 | 2,150 |
| Athena Finance Ltd. | 10 | 1 | 7 | 1 | 7 |
| Cholamandalam 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 | 3 | 2,904 | 1 | 2,904 |
| 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 |
| HDFC Ltd. | 10 | 1 | - | | - |
| | | | 109,632 | | 109,632 |
| Less : Provision for diminution | | | 46,641 | | 46,641 |
| | | | 62,991 | | 62,991 |
| UNQUOTED | | | | | |
| In Equity Shares (Fully Paid Up): | | | | | |
| Cosmos Co-operative Bank Ltd. | 25 | 277 | 6,925 | 277 | 6,925 |
| (B) TRADE: | | | | | |
| In Subsidiary Company (Unquoted) | | | | | |
| Fully paid up Equity Shares of Mas Rural Housing & Mortgage Finance Ltd. | 10 | 9000000 | 90,000,000 | 9000000 | 90,000,000 |
| Total Long Term Investments | | | 90,934,327 | | 90,934,327 |
| NOTES : | | | | | |
| 1 Aggregate value of Quoted Investments: | | | | | |
| Cost | | | 974,043 | | 974,043 |
| Market Value (In respect of Government Securities & Bond, face value considered as market value is not available) | | | 1,270,177 | | 1,214,452 |
| 2 Aggregate value of Unquoted Investments | | | | | |
| Cost | | | 90,006,925 | | 90,006,925 |
| 3 For investments purchased and redeemed during the year refer Note No. 9 of Schedule P | | | | | |



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 2010

| | Rupees | As at 31st March 2010 Rupees | As at 31st March 2009 Rupees |
|---|-------------|------------------------------------|------------------------------------|
| SCHEDULE - H | | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| CURRENT ASSETS: | | | |
| Sundry Debtors | | | |
| Unsecured | | | |
| (a) Debts outstanding for a period exceeding six months | | | |
| Considered good | 12,777,504 | | 24,468,602 |
| Considered doubtful | 4,932,322 | | 4,206,475 |
| | 17,709,826 | | 28,675,077 |
| (b) Other debts considered good | 136,746,434 | | 102,003,514 |
| | 154,456,260 | | 130,678,591 |
| Less : Provision for Non-Performing Assets | 4,932,322 | | 4,206,475 |
| | | 149,523,938 | 126,472,116 |
| Cash & Bank Balances | | | |
| Cash on Hand | 1,613,102 | | 1,385,760 |
| Balances with Scheduled Banks: | | | |
| In Current/ Cash Credit Accounts | 515,470,770 | | 276,597,139 |
| In Fixed Deposit/ Cash Collateral Accounts | | | |
| Free of Lien | | | 20,020,000 |
| Under Lien* | 193,029,870 | | 178,639,879 |
| (Includes deposits/ cash collaterals for assigned receivables Rs. 105,317,208 (Previous Year Rs.48,372,689)) | | 710,113,742 | 476,642,778 |
| Other Current Assets | | | |
| Interest Accrued | | | |
| On Investments | 49,829 | | 44,063 |
| Others | 5,600,188 | | 6,489,014 |
| | 5,650,017 | | 6,533,077 |
| Income Receivable | 2,193,551 | | 6,193,763 |
| | | 7,843,568 | 12,726,840 |
| Total Current Assets | | 867,481,248 | 615,841,734 |



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 2010

| | Rupees | As at 31st March 2010 Rupees | As at 31st March 2009 Rupees |
|--|---------------|------------------------------------|------------------------------------|
| SCHEDULE - H | | | |
| CURRENT ASSETS, LOANS AND ADVANCES (Contd..) | | | |
| Loans and Advances (Considered Good) | | | |
| Loans and Advances to customers under Loan cum Hypothecation Agreements/Loan Agreements | | | |
| Secured* | 193,997,991 | | - |
| Unsecured** | 3,101,216,297 | | 2,229,277,428 |
| Less : Unaccrued Interest Charges | 648,384,980 | | 304,149,996 |
| | | 2,646,829,308 | 1,925,127,432 |
| * In respect of loans aggregating to Rs. 17,045,235 (Previous year Rs. Nil), the charge remains to be registered. | | | |
| ** Includes repossessed assets at estimated realisable value (Refer Note No.1.J of Schedule P) | | | |
| Other Loans And Advances (Unsecured, Considered Good) | | | |
| Advances recoverable in cash or in kind or for value to be received.* | 34,903,292 | | 8,681,121 |
| Deposits | 2,225,984 | | 2,148,690 |
| Deposits for assigned receivables (other than with Banks) | | | |
| Subsidiary Company** | 1,411,856 | | 2,317,052 |
| (Mas Rural Housing & Mortgage Finance Ltd.) | | | |
| Others | 6,011,095 | | 9,538,654 |
| Advance Income-Tax (net of provisions) | - | | 955,471 |
| | | 44,552,227 | 23,640,988 |
| Total Loans and Advances | | 2,691,381,535 | 1,948,768,420 |
| | | | |
| Total Current Assets, Loans and Advances | | 3,558,862,783 | 2,564,610,154 |
| *Includes due from a subsidiary company Rs. Nil (Previous Year: Rs Nil) (Maximum amount outstanding at any time during the year Rs. 494,574 (Previous Year Rs. 1,301,000)) | | | |
| **Maximum amount outstanding at any time during the year Rs. 2,368,421 ; Previous Year Rs. 2,317,052) | | | |



MAS FINANCIAL SERVICES LIMITED

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 2010**

| | Rupees | As at 31st March 2010 Rupees | As at 31st March 2009 Rupees |
|---|------------|------------------------------------|------------------------------------|
| SCHEDULE - I | | | |
| CURRENT LIABILITIES AND PROVISIONS | | | |
| CURRENT LIABILITIES : | | | |
| Sundry Creditors | | | |
| Due to micro enterprises and small enterprises (Refer Note No. 18 of Schedule P) | - | | - |
| Due to others | 46,660,677 | | 29,523,157 |
| Bank overdraft as per books | 369,654 | | - |
| Advance Payments | 377,379 | | 1,788,952 |
| Interest accrued but not due on loans | 658,652 | | 510,125 |
| Unpaid interest on matured debentures | - | | 116,639 |
| Other Liabilities | 2,933,800 | | 2,811,262 |
| | | 51,000,162 | 34,750,135 |
| PROVISIONS : | | | |
| Employee Benefits | 2,974,238 | | 2,053,267 |
| Proposed Dividend | 76,204,898 | | 58,124,985 |
| Corporate Dividend Tax | 12,951,002 | | 9,878,341 |
| Tax (net of advance tax & TDS) | 9,495,125 | | 350,060 |
| | | 101,625,263 | 70,406,653 |
| | | <u>152,625,425</u> | <u>105,156,788</u> |
| SCHEDULE - J | | | |
| MISCELLANEOUS EXPENDITURE | | | |
| (To the extent not written off or adjusted) | | | |
| Expense for increasing Authorized Share Capital | | | |
| Balance as per last Balance Sheet | - | | 2,276,000 |
| Add : Incurred during the year | - | | - |
| | - | | 2,276,000 |
| Less : Written off during the year | - | | 2,276,000 |
| | - | | - |
| | - | | - |
| | - | | - |



MAS FINANCIAL SERVICES LIMITED

**SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON 31ST MARCH 2010**

| | Year ended 31st March 2010 Rupees | Year ended 31st March 2009 Rupees |
|---|--|--|
| SCHEDULE - K | | |
| INCOME FROM OPERATIONS | | |
| Service Charges, Stamp & Document Charges etc. (Net) | 96,448,825 | 52,945,365 |
| | <u>96,448,825</u> | <u>52,945,365</u> |
| SCHEDULE - L | | |
| OTHER INCOME | | |
| Interest Received (Gross) | | |
| On Government Securities | 97,191 | 105,741 |
| On Bank Deposits (Tax Deducted at Source Rs. 1,324,091, Previous Year Rs. 3,656,058) | 12,753,609 | 17,495,603 |
| On Others (Tax Deducted at Source Rs. 152,330, Previous Year Rs. 12,126) | 2,374,544 | 79,881 |
| Dividend Income | 974,451 | 5,520,925 |
| Profit on Redemption of Investments | - | 119,708 |
| Miscellaneous Income | 1,625,599 | 3,240,266 |
| | <u>17,825,394</u> | <u>26,562,124</u> |



MAS FINANCIAL SERVICES LIMITED

**SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2010**

| | | Year ended 31st March 2010 Rupees | Year ended 31st March 2009 Rupees |
|--|-----------|--|--|
| SCHEDULE - M | | | |
| PERSONNEL EXPENSES | | | |
| Salaries, Bonus & Allowances | | 51,704,731 | 38,734,781 |
| Contributions to Provident & Other Funds | | 2,593,460 | 1,671,681 |
| Staff Welfare Expenses | | 1,525,957 | 736,455 |
| | | 55,824,148 | 41,142,917 |
| SCHEDULE - N | | | |
| ADMINISTRATIVE & OTHER EXPENSES | | | |
| Rent | | 8,020,095 | 7,213,091 |
| Rates & Taxes | | 11,551,360 | 6,788,484 |
| Stationery & Printing | | 8,182,020 | 5,546,430 |
| Telephone | | 7,916,825 | 6,627,849 |
| Electricity | | 2,765,492 | 2,252,789 |
| Postage & Courier | | 2,572,768 | 2,363,382 |
| Insurance | | 6,080,674 | 5,089,481 |
| Conveyance | | 10,256,077 | 8,871,465 |
| Travelling | | 6,062,718 | 5,143,798 |
| Repairs & Maintenance: | | | |
| Building | 295,308 | | 521,594 |
| Others | 2,187,409 | | 2,681,210 |
| | | 2,482,717 | 3,202,804 |
| Professional Fees | | 15,183,497 | 12,425,923 |
| Director's Sitting Fees | | 85,000 | 75,000 |
| Legal Expenses | | 8,094,730 | 9,673,769 |
| Commission | | 64,111,235 | 48,683,150 |
| Advertisement & Sales Promotion | | 10,696,945 | 3,642,580 |
| Miscellaneous Expenditure Written Off | | - | 2,276,000 |
| Loss on Sale of Fixed Assets | | 51,162 | 22,831 |
| Provision for Non Performing Assets | | 725,847 | 320,105 |
| Bad Debts Written Off | | 31,571,401 | 26,250,859 |
| Loss on Sale of Repossessed Assets | | 6,692,479 | 10,788,724 |
| Miscellaneous Expenses | | 7,270,861 | 5,692,221 |
| Donation | | 301,600 | 219,900 |
| | | 210,675,503 | 173,170,635 |



MAS FINANCIAL SERVICES LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON 31ST MARCH 2010

| | | Year ended 31st March 2010 Rupees | Year ended 31st March 2009 Rupees |
|---|-------------|--|--|
| SCHEDULE - O | | | |
| INTEREST, FINANCE & BANK CHARGES | | | |
| Interest: | | | |
| On Fixed Loans | 179,638,712 | | 126,161,327 |
| On Debentures | 21,644 | | 1,747,800 |
| On Others | 35,563,881 | | 27,222,086 |
| | | 215,224,237 | 155,131,213 |
| Bank Charges (Net) | | 21,428,476 | 15,493,265 |
| Other Financial Expenses | | - | 661,760 |
| | | <u>236,652,713</u> | <u>171,286,238</u> |



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE - P

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

1. SIGNIFICANT ACCOUNTING POLICIES :

A. BASIS OF ACCOUNTING :

The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles, Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) as applicable, and the relevant provisions of the Companies Act, 1956. Further, the Company follows prudential norms for income recognition and provisioning for Non-performing Assets as prescribed by the Reserve Bank of India for Non-Banking Financial Companies.

B. USE OF ESTIMATES :

The preparation of financial statements, in conformity with the generally accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Differences between the actual results and the estimates are recognised prospectively in current and future periods in which the results are known/ materialised.

C. FIXED ASSETS

Fixed assets are stated at cost of acquisition inclusive of incidental expenses less accumulated depreciation.

D. DEPRECIATION :

Depreciation on fixed assets is provided as per Straight Line Method, at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956

Assets costing less than Rs. 5000 are fully depreciated in the year of acquisition.

E. IMPAIRMENT OF ASSETS :

At the Balance sheet date, an assessment is done to determine whether there is any indication of a material impairment in the carrying amount of the Company's fixed assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

F. INVESTMENTS

Long-term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments.

Current investments are stated at the lower of cost and fair value determined on an individual investment basis

G. GOVERNMENT GRANTS

Subsidies related to depreciable fixed assets are treated as deferred income which is allocated to income over the periods and in the proportions in which depreciation on those assets is charged. The deferred income balance is separately disclosed in the financial statements as "Deferred Subsidy".

H. REVENUE RECOGNITION :

General

The Company follows accrual basis of accounting for its income and expenditure except income on assets classified as non-performing assets, which in accordance with the guidelines issued by the Reserve Bank of India for Non-Banking Finance Companies, is recognized on receipt basis.



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE - P

Other income is mainly accounted on accrual basis, except in case of significant uncertainties.

Income from Loans:

Interest income on loan transactions is accounted for over the period of the contract by applying the interest rate implicit in such contracts.

Service charges and documentation charges are booked at the commencement of the contract.

Income from Assignment/Securitizedizations

In case of assignment of receivables the assets are derecognized as all the rights, titles, future receivables and interest thereof are assigned to the purchaser. On de-recognition, the difference between the book value of the receivables assigned and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognized as gain or loss arising on assignment.

Income from Investments

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

Interest income is accounted for on accrual basis.

I. ADVANCES UNDER LOAN CUM HYPOTHECATION AGREEMENTS :

The value of advances under loan cum hypothecation agreements is arrived at by reducing installments received/due from the value of the assets.

J. REPOSSESSED ASSETS :

Value of advances under loan cum hypothecation agreements includes the value of repossessed assets. The value of repossessed assets is arrived at by deducting the estimated loss on realisation. The estimation of loss on realization is done based on past track record of loss on sale of such assets.

K. EMPLOYEE BENEFITS

(i) Defined contribution plans

The Company's contributions under defined contribution schemes such as Provident Fund and Employee's State Insurance are charged to Profit & Loss Account as incurred.

(ii) Defined benefit plans

The Company's liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognised immediately in the statement of profit and loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligations. The liability is provided for on the basis of valuation done by an independent actuary.

(iii) The Company's liability on account of leave to employees is recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE - P

L. RECOURSE OBLIGATIONS UNDER DEBT SECURITISATION AND MICRO FINANCE ARRANGEMENTS

The company assigns Micro Loans and Auto Loans under securitisation transactions. The assigned loans are derecognized and gains/losses 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.

M. TAXATION

Income tax expense for the year comprises of current tax and deferred tax charge or credit.

Provision for current tax is determined in accordance with the provisions of the Income Tax Act, 1961 prevailing for the relevant assessment years.

Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been substantively enacted as on the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that the asset can be realised in future.

N. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimate of the obligation.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that probably will not require an outflow of resources. When there is a possible or a present obligation for which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

2. Capital Commitments:

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for - Rs. 625,000 (Previous year Rs.NIL)

3. The Company has issued 40,000,000 8% Cumulative Redeemable Preference Shares (CRPS) of the face value of Rs.10 each to India Advantage Fund – VII (Mezzanine Fund I) ("the investor") as stated in Note No. 7(a) below. As per the terms of the agreement, upon occurrence or non-occurrence of certain events, the investor has a right to convert, at its option, the CRPS into fully paid-up equity shares of the Company at a rate to be determined based on fair value of the equity shares to be calculated in the manner stated in the agreement. Further, on issue of equity shares (i) to Bellwether Microfinance Trust as per note 6(b) below or (ii) to Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N. V.(FMO) as stated in Note No.8(b) below or (iii) on the Company's initial public offer, depending upon the rate at which the equity shares are issued, the amount of securities premium shall be decided, against which, the Company shall charge the above stated premium on redemption of the CRPS as per the provisions of Section 78(2)(d) of the Companies Act, 1956. Under the circumstances, due to the variables currently indeterminate, the proportionate redemption premium for the period covered under these financial statements, amounting to Rs. 207.50 lacs (Previous year Rs. 162.61 lacs) (cumulatively Rs. 370.11 lacs upto 31st March, 2010) has not been provided for in the profit and loss account for the year.
4. The Company has made adequate provision for non-performing assets identified, in accordance with the Guidelines issued by the Reserve Bank of India.
5. (a) The Company has entered into a Share Subscription and Shareholders Agreement ("the Agreement") with Caspian Advisors Private Ltd., Trustee, Bellwether Microfinance Trust ("Bellwether"), pursuant to which, Bellwether has subscribed to and has been allotted 650,000 Cumulative Redeemable Non Convertible Preference Shares of the face value of Rs. 100 each, at par. These shares bear a coupon rate of 8.5% per annum during the first year and subsequently the rate of dividend is to be calculated on a floating basis as S-BAR minus 225 basis points, subject to a maximum of 10.5% per annum and minimum of 6.5% per annum. All the shares are redeemable at par on August 15, 2010.



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE - P

- (b) Under the Agreement, in the event of capital expansion by the Company by way of issue of equity shares, Bellwether has a right but not the obligation to subscribe to equity shares at a price to be determined as per the terms of the Agreement.
6. (a) The Company has entered into an Investment and Shareholders Agreement ("the Agreement") with India Advantage Fund – VII (Mezzanine Fund I) ("the Investor") pursuant to which the Investor has subscribed to and has been allotted 40,000,000 8% Cumulative Redeemable Preference Shares of the face value of Rs. 10 each for cash at par. These shares are redeemable in one installment at the end of four years from the "Second Closing Date", as defined in the Agreement, i.e. on 15th June, 2012 at face value plus a redemption premium which is to be calculated based on the IRR to be provided to the Investor on its investment as per the terms of the Agreement.
- (b) The aforesaid Agreement *inter alia* provides that in the event the Company fails to redeem the preference shares on the redemption date, the Investor shall have the right to convert, at its option, whole or part of the preference shares into fully paid up equity shares of the Company under the circumstances and at a price to be determined as per the terms of the Agreement.
- (c) The Company has entered into Warrant Subscription Agreement ("the Agreement") with India Advantage Fund – VII (Mezzanine Fund I) ("the Investor") pursuant to which the Investor has subscribed to and has been allotted 2,000,000 warrants of the Company without any payment being made in cash by the Investor. Each warrant confers on the warrant holder, an option to subscribe to one equity share of the Company on one or more occasions, at any time during the currency of the Agreement and the Investment and Shareholders Agreement referred to in 6 (a) above, as per the terms and conditions and at a price as specified in the Agreement. During the year under these financial statements, the investor has not exercised the option.
7. (a) The Company has entered into Share Subscription and Shareholders Agreement ("the Agreement") with Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N. V.(FMO) ("the Investor") pursuant to which, the investor has subscribed to and has been allotted 43,471,090 Cumulative Compulsorily Convertible Preference Shares (CCCPS) of the face value of Rs. 10 each at par.
- (b) The CCCPS carry a right to be paid a fixed cumulative preferential dividend at the rate of 7% per annum free of income tax till the Financial Year ending on 31st March, 2014. After this date, under the circumstances specified in the Agreement, the rate of dividend is to be increased as provided for in the Agreement. The CCCPS are compulsorily convertible into equity shares at a conversion price to be determined based on the time of conversion and IRR to be provided to the Investor on its investment as per the terms of the Agreement.
8. During the year the Company has assigned, with recourse, loan receivables of 25,156 (Previous Year 11,433) contracts amounting to Rs.1,030,646,843 (including future interest receivable) (Previous year Rs. 420,710,800) for a consideration of Rs. 923,765,939 (Previous year Rs. 364,637,648) and de-recognized the assets from the books. Outstanding balances of such assigned loans as at 31st March, 2010 is Rs. 1,142,736,505 (As at 31st March, 2009 Rs. 550,299,894).



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE - P

9. Following Investments were Purchased and Redeemed during the year :

Units of Mutual Funds:

| Name of the Fund | Units Purchased and Redeemed (Nos.) | Cost of Acquisition (Rs.) |
|---|-------------------------------------|---------------------------|
| Year ended 31st March, 2010 | | |
| Birla Sun Life Mutual Fund – Liquid Plus Instl. Daily Dividend (Reinvestment) | 18,987,088 | 190,265,467 |
| Fidelity Mutual Fund – Short Term Debt Fund Institutional Daily Dividend | 6,498,375 | 65,116,219 |
| HDFC Cash Management Fund - Savings Plan - Daily Dividend (Reinvestment) | 9,470,168 | 95,102,724 |
| IDFC Money Manager Fund - Treasury Plan - Inst Plan B - Daily Dividend | 8,440,662 | 85,076,798 |
| TATA Floater Fund-Daily Dividend | 26,975,637 | 271,109,073 |
| Year ended 31st March, 2009 | | |
| ABN Amro – Money Plus Institutional Plan Daily Dividend | 2,011,484 | 20,121,072 |
| Birla Sun Life Mutual Fund – Liquid Plus Instl. Daily Dividend (Reinvestment) | 29,346,011 | 293,659,666 |
| DSP Merrill Lynch Mutual Fund – Liquid Plus Daily Dividend | 3,644,480 | 170,753,592 |
| Fidelity Mutual Fund – Short Term Debt Fund Institutional Daily Dividend | 4,518,078 | 45,191,871 |
| ING Vysya – Liquid Plus Fund, Institutional, Daily Dividend | 17,850,469 | 171,052,405 |
| ING Vysya – Liquid Fund, Daily Dividend | 696,710 | 7,515,618 |
| JM Money Manger Fund Super Plus Plan Daily Dividend | 20,761,755 | 208,537,255 |
| Reliance Liquid Plus Fund, Retail Option Daily Dividend | 2,270,507 | 74,073,780 |
| TATA Floater Fund-Daily Dividend | 11,064,129 | 110,394,134 |
| TATA Fixed Income-Portfolio Fund Scheme A3-Institutional | 4,004,711 | 40,231,338 |
| Principal Floating Rate Fund-Institutional Plan Daily Dividend | 20,576,608 | 205,974,353 |

10. Managerial Remuneration

| Remuneration to Managing and Whole time Directors Particulars | Year ended 31 st March, 2010 Rs. | Year ended 31 st March, 2009 Rs. |
|--|--|--|
| Salary, Bonus and Allowances | 7,200,012 | 7,069,512 |
| Contribution to Provident Fund | 18,720 | 18,720 |
| Perquisites | 163,276 | 139,318 |
| Total | 7,382,008 | 7,227,550 |

Notes:

- i. Statement showing computation of net profits in accordance with section 349 of the Companies Act, 1956 is not furnished as no commission is payable to the directors.



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE - P

- ii. The above figures do not include contribution to Gratuity Fund as provision for gratuity benefit is based on actuarial valuation done on an overall company basis.

11. Auditors' Remuneration (inclusive of service tax):

| Particulars | Year ended 31 st March, 2010 Rs. | Year ended 31 st March, 2009 Rs. |
|----------------------|--|--|
| Statutory Audit Fees | 600,000 | 600,000 |
| Other Services | 115,815 | 112,360 |
| Total | 715,815 | 712,360 |

12. Break-up of deferred tax liability into major components of Deferred Tax Assets and Deferred Tax Liabilities is as under:

| Sr. No. | Particulars | Deferred Tax Asset /(Liability) | |
|---------|--|------------------------------------|------------------------------------|
| | | As at 31 st March 2010. | As at 31 st March 2009. |
| | Deferred Tax Liabilities | | |
| 1 | Difference between book depreciation and depreciation under Income-tax Act, 1961 | (4,487,686) | (4,387,576) |
| | Deferred Tax Assets | | |
| 1 | Provision for non-performing assets | 1,638,394 | 1,429,781 |
| 2 | Provision for Gratuity and Leave Encashment | 987,967 | 472,156 |
| 3 | Expenses eligible for deduction under section 35D of the Income-tax Act, 1961 | 824,458 | 1,216,502 |
| | Net Deferred Tax Liability | (1,036,867) | (1,269,137) |

13. Disclosures for operating leases under Accounting Standard 19 – "Accounting for Leases" prescribed by Companies (Accounting Standards) Rules, 2006

The Company has entered into leave & license agreements for taking office premises along with furniture & fixtures as applicable and godown premises on rental basis for a period ranging from 10 to 70 months. The specified disclosure in respect of these agreements is given below:

| | | Year Ended 31-03-2010 | Year Ended 31-03-2009 |
|-----|---|-----------------------|-----------------------|
| (1) | Lease payments recognised in the Profit and Loss account | 7,988,177 | 7,212,180 |
| (2) | The company has given refundable, interest free security deposits under certain agreements. | | |
| (3) | Minimum lease payments under the non-cancellable lease agreements are as follows: | | |
| | i. Not later than one year | 2,464,415 | 3,820,825 |
| | ii. Later than one year but not later than 5 years | 1,501,510 | 952,620 |
| | iii. Later than 5 years | NIL | NIL |



**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

SCHEDULE - P

14. Employee Benefits

Disclosures as required as per Accounting Standard AS-15 (revised) – "Employee Benefits" prescribed by Companies (Accounting Standards) Rules, 2006 in respect of Gratuity are as under:

| | | Year ended 31 st March 2010 Rs. | Year ended 31 st March 2009 Rs. |
|----------|--|--|--|
| A | Net liability recognised in the Balance Sheet as at 31st March | | |
| | Present value of funded obligation | 1,878,563 | 1,457,952 |
| | Fair value of plan assets | 1,878,563 | 1,457,952 |
| | Present value of unfunded obligation | 1,975,779 | 1,389,103 |
| | Net liability | 1,975,779 | 1,389,103 |
| B | Expense recognised in the profit and loss account for the year | | |
| | Current service cost | 380,632 | 311,962 |
| | Interest on obligation | 233,459 | 174,748 |
| | Expected return on plan assets | (150,143) | (113,994) |
| | Net actuarial losses (gains) recognised in the year | 450,874 | 98,904 |
| | Total included in employee benefit expense | 914,822 | 471,620 |
| | Actual return on Plan assets | 143,234 | 108,570 |
| C | Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof: | | |
| | Opening defined benefit obligation | 2,847,055 | 2,296,288 |
| | Service Cost | 380,632 | 311,962 |
| | Interest Cost | 233,459 | 174,748 |
| | Actuarial losses /(gains) | 443,965 | 93,480 |
| | Benefits paid | (50,769) | (29,423) |
| | Closing defined benefit obligation | 3,854,342 | 2,847,055 |
| D | Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof: | | |
| | Opening fair value of plan assets | 1,457,952 | 1,075,239 |
| | Expected return | 150,143 | 113,994 |
| | Actuarial gains / (losses) | (6,909) | (5,424) |
| | Contributions by Employer | 328,146 | 303,566 |
| | Benefits paid | (50,769) | (29,423) |
| | Closing balance of fair value of plan assets | 1,878,563 | 1,457,952 |
| E | Major categories of plan assets as a percentage of total plan assets: | | |
| | Qualifying insurance policy with LIC | 100% | 100% |



**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

SCHEDULE - P

| | | Year ended 31 st March 2010 Rs. | Year ended 31 st March 2009 Rs. |
|---|---|---|---|
| F | Principal actuarial assumptions at the balance sheet date (expressed as weighted averages): | | |
| | Discount rate | 8.20% | 7.61% |
| | Expected return on plan assets | 9% | 9% |
| | Proportion of employees opting for early retirement | - | - |
| | Annual increase in salary costs* | 5% | 5% |
| | Notes: | | |
| 1 | * The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market. | | |
| 2 | Defined Contribution Plans | Year ended 31st March, 2010 Rs. | Year ended 31st March, 2009 Rs. |
| | Amount recognized as an expense and included in Schedule M of Profit & Loss Account | 1,585,198 | 1,176,458 |

15. 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 – "Segment Reporting" prescribed by Companies (Accounting Standards) Rules, 2006

16. Related Party Disclosures

Related party disclosures as required by Accounting Standard 18, "Related Party Disclosures", prescribed by Companies (Accounting Standards) Rules, 2006

List of related parties and relationships:

Subsidiary : Mas Rural Housing & Mortgage Finance Ltd.
Key Management Personnel : Mr. Kamlesh C. Gandhi (Managing Director)
Mr. Mukesh C. Gandhi (Whole-time Director)

Related party transactions:

| Sr. No. | Nature of transactions | Year ended 31 st March 2010 Rs. | Year ended 31 st March 2009 Rs. |
|---------|--|--|--|
| 1 | Assignment of loan receivables: | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | - | 26,236,846 |
| 2 | Interest Income: | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | 165,914 | 2,283 |
| 3 | Expenses: | | |
| | MAS Rural Housing & Mortgage Finance Ltd.: | | |
| | Interest / Discounting Charges | - | 3,089,159 |
| | Processing Fees | - | 57,869 |
| 4 | Deposit given: | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | - | 2,314,769 |
| 5 | Deposit Repaid: | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | 927,541 | - |
| 6 | Advances given to: | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | 1,063,268 | 3,295,237 |
| 7 | Advances repaid by: | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | 1,063,268 | 3,295,237 |



**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

SCHEDULE - P

| | | | |
|----|---|-----------|------------|
| 8 | Advances received from: | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | 71,726 | - |
| 9 | Advances repaid to: | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | 71,726 | - |
| 10 | Investment in Equity Shares during the year: | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | - | 70,000,000 |
| 11 | Remuneration paid: | | |
| | Mr. Kamlesh C. Gandhi | 3,715,115 | 3,649,540 |
| | Mr. Mukesh C. Gandhi | 3,666,893 | 3,578,010 |
| 12 | Outstanding receivables | | |
| | MAS Rural Housing & Mortgage Finance Ltd. - Deposit | 1,411,856 | 2,317,052 |

17. Earnings Per Share (EPS)

| Particulars | Year ended 31 st March 2010 | Year ended 31 st March 2009 |
|--|---|---|
| (A) Basic | | |
| Computation of Profit (Numerator) | | |
| Net Profit for the year | 132,096,091 | 72,466,911 |
| Less: Preference dividend including tax thereon. | 80,264,145 | 61,334,611 |
| Net Profit for the year attributable to Equity Shareholders | 51,831,946 | 11,132,300 |
| Computation of Weighted Average Number of Shares (Denominator) | Nos. | Nos. |
| Number of shares outstanding at the beginning of the year | 9,500,000 | 9,500,000 |
| Weighted average number of Equity Shares of Rs. 10 each used for calculation of basic Earnings per Share | 9,500,000 | 9,500,000 |
| Basic Earnings per Share of face value of Rs. 10 each (in Rs.) | 5.46 | 1.17 |
| (B) Diluted | | |
| Computation of Profit (Numerator) | | |
| Net Profit attributable to Equity Shareholder's as above | 51,831,946 | 11,132,300 |
| Computation of Weighted Average Number of Shares (Denominator) | Nos. | Nos. |
| Weighted average number of Equity Shares as above | 9,500,000 | 9,500,000 |
| Add: Weighted average number of Equity Shares deemed to be allotted upon the conversion of options | 150,000 | 150,000 |
| Total weighted average number of Shares used for calculating diluted Earnings per Share. | 9,650,000 | 9,650,000 |
| Diluted Earnings per Share of face value of Rs. 10 each (in Rs.) | 5.37 | 1.15 |

Note:

Since the share warrants and the compulsorily convertible cumulative preference shares are considered anti-dilutive their effects are ignored in calculating diluted earnings per share.



SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

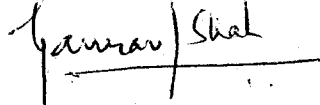
SCHEDULE - P

18. Suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 have not furnished the information regarding filing of necessary memorandum with appointed authority. In view of this, information required under Schedule VI of the Companies Act, 1956 to that extent is not given.
19. Balances of debtors, creditors and loans and advances are subject to confirmation. Adjustments, if any required, will be made on settlement of the account of the parties.
20. The disclosures required in terms of Paragraph 13 of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are given in Annexure A forming part of these Financial Statements.
21. Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

Signatures to Schedules A To P

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants



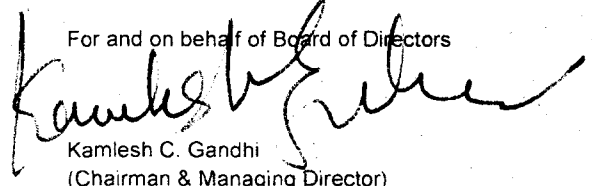
Gaurav J. Shah
Partner
(Membership No. 35701)

Place: Ahmedabad.

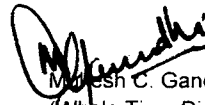
Date 28th July, 2010



For and on behalf of Board of Directors



Kamlesh C. Gandhi
(Chairman & Managing Director)



Kamlesh C. Gandhi
(Whole Time Director)

Place: Ahmedabad.

Date : 28/07/10

ANNEXURE A (Forming part of the financial statements)

Schedule to the Balance Sheet

Information as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

(Rs.In Lakhs)

Year ended 31st March 2010

Particulars

Liabilities side :

| | Amount Outstanding | Amount Overdue |
|--|--------------------|----------------|
| (1) Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but not paid | | |
| (a) Debentures : Secured | NIL | NIL |
| : Unsecured (other than falling within the meaning of Public deposits*) | NIL | NIL |
| (b) Deferred Credits | NIL | NIL |
| (c) Term Loans | 16,540.44 | NIL |
| (d) Inter-corporate loans and borrowing | NIL | NIL |
| (e) Commercial Paper | NIL | NIL |
| (f) Other Loans: | | |
| From Banks | 6,333.94 | NIL |
| From a Company | 185.86 | NIL |
| Security Deposits | 826.91 | NIL |

*Please see note 1 Below

Assets side:

| | Amount Outstanding |
|--|--------------------|
| (2) Break-up of Loans and Advances including bills receivables [other than those included In (4) below] | |
| (a) Secured | 1,939.98 |
| (b) Unsecured (including vehicle loans that are secured but amount of which is not separately ascertained) | 26,023.55 |
| (3) Break up of leased Assets and stock on hire and other assets counting towards AFC Activities | |
| (i) Lease assets including lease rentals under sundry debtors: | |
| (a) Financial lease | NIL |
| (b) Operating lease | NIL |
| (ii) Stock on hire including hire charges under sundry debtors : | |
| (a) Assets on hire | NIL |
| (b) Repossessed Assets | NIL |
| (iii) Other loans counting towards AFC activities | |
| (a) Loans where assets have been Repossessed | NIL |
| (b) Loans other than (a) above | NIL |
| (4) Break-up of investments : | |

Current investments :

1. **Quoted :**

| | | |
|-----------------------------|----------------|-----|
| (i) Shares : | (a) Equity | NIL |
| | (b) Preference | NIL |
| (ii) Debentures and Bonds | | NIL |
| (iii) Units of mutual funds | | NIL |

ANNEXURE A (Forming part of the financial statements)

Schedule to the Balance Sheet

| | | |
|------|-------------------------|-----|
| (iv) | Government Securities | NIL |
| (v) | Others (please specify) | NIL |

2. Unquoted :

| | | | |
|-------|-------------------------|----------------|-----|
| (i) | Shares : | (a) Equity | NIL |
| | | (b) Preference | NIL |
| (ii) | Debentures and Bonds | | NIL |
| (iii) | Units of mutual funds | | NIL |
| (iv) | Government Securities | | NIL |
| (v) | Others (please specify) | | NIL |

Long Term Investments :

1. Quoted :

| | | | |
|-------|-------------------------|----------------|------|
| (i) | Shares : | (a) Equity | 0.63 |
| | | (b) Preference | NIL |
| (ii) | Debentures and Bonds | | 1.03 |
| (iii) | Units of mutual funds | | NIL |
| (iv) | Government Securities | | 7.61 |
| (v) | Others (please specify) | | NIL |

2. Unquoted :

| | | | |
|-------|-------------------------|----------------|--------|
| (i) | Shares : | (a) Equity | 900.07 |
| | | (b) Preference | NIL |
| (ii) | Debentures and Bonds | | NIL |
| (iii) | Units of mutual funds | | NIL |
| (iv) | Government Securities | | NIL |
| (v) | Others (please specify) | | NIL |

- (5) Borrower group-wise classification of assets financed as in (2) and (3) above:
Please see Note 2 below

| Category | 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 | 1,939.98 | 26,023.55* | 27,963.53 |
| Total | 1,939.98 | 26,023.55 | 27,963.53 |

* Includes vehicle loans that are secured but amount of which is not separately ascertained

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

ANNEXURE A (Forming part of the financial statements)

Schedule to the Balance Sheet

Please see note 3 below

| Category | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
|----------------------------------|---|-----------------------------------|
| 1. Related Parties ** | | |
| (a) Subsidiaries | 900.00 | 900.00 |
| (b) Companies in the same group | NIL | NIL |
| (c) Other related parties | NIL | NIL |
| 2. Other than related parties ** | 12.77 | 9.34 |
| Total | 912.77 | 909.34 |

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

(7) Other information

| | Particulars | Amount |
|-------|---|--------|
| (i) | Gross Non-Performing Assets | |
| | (a) Related parties | NIL |
| | (b) Other than related parties | 312.27 |
| (ii) | Net Non-Performing Assets | |
| | (a) Related parties | NIL |
| | (b) Other than related parties | 262.94 |
| (iii) | Assets acquired in satisfaction of debt | 488.66 |

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 are applicable as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
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 (4) above.

ANNEXURE B (Forming part of the financial statements)

Schedule to the Balance Sheet

Disclosure as required in terms of Paragraph 5 of Reserve Bank of India Circular No. RBI 2008-09/116 DNBS (PD) CC. No. 125/03.05.002/2008-09 as regards capital adequacy, liquidity and disclosure norms

CRAR (Capital to Risk Asset Ratio)

| Items | | Current Year | Previous Year |
|-------|----------------------------|--------------|---------------|
| i) | CRAR (%) | 35.49 | 44.95 |
| ii) | CRAR – Tier I Capital (%) | 20.97 | 25.75 |
| iii) | CRAR – Tier II Capital (%) | 14.52 | 19.20 |

Exposures

Exposure to Real Estate Sector

| Category | | Current Year | Previous Year |
|----------|--|--------------|---------------|
| a) | Direct exposure | | |
| (i) | Residential Mortgages - | | |
| | Lending fully secured by mortgages on residential property that is or will be occupied by the borrower of that is rented; (Individual housing loans up to Rs. 15 lakh may be shown separately) | Nil | Nil |
| (ii) | Commercial Real Estate - | | |
| | Lending secured by mortgages on commercial real estates (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; | Nil | Nil |
| (iii) | Investments in Mortgage Backed Securities (MBS) and other securitised exposures - | | |
| | a. Residential, | Nil | Nil |
| | b. Commercial Real Estate. | Nil | Nil |
| b) | Indirect exposure | | |
| | Fund bases and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs). | Nil | Nil |

ANNEXURE B (Forming part of the financial statements)

Schedule to the Balance Sheet

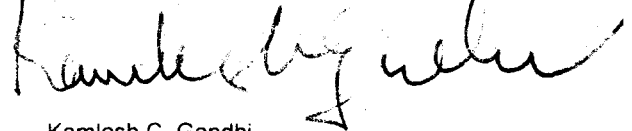
Asset Liability Management

Maturity pattern of certain items of assets and liabilities

| | (Rs. In crores) | | | | | | | | |
|-----------------------|---------------------------------|----------------------------|------------------------------|---------------------------|-------------------------|------------------------|-------------------------|--------------|--------|
| | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 months up to 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total |
| Liabilities | | | | | | | | | |
| Borrowings from banks | 6.12 | 17.74 | 9.28 | 21.71 | 35.37 | 69.58 | 0.05 | 0.00 | 159.85 |
| Market Borrowings | 0.22 | 0.22 | 0.75 | 1.00 | 2.02 | 3.21 | 0.00 | 0.00 | 7.42 |
| Assets | | | | | | | | | |
| Advances* | 15.40 | 15.66 | 15.63 | 34.47 | 71.86 | 110.90 | 0.77 | 0.00 | 264.69 |
| Investments | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 | 0.08 | 0.09 |

* Repossessed assets have been included in "over 6 months to 1 year" bucket, being the expected period of realization as per management estimate.

For and on behalf of Board of Directors



Kamlesh C. Gandhi
(Chairman & Managing Director)



Mukesh C. Gandhi
(Whole Time Director)

Place: Ahmedabad.

Date : 28/07/10

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

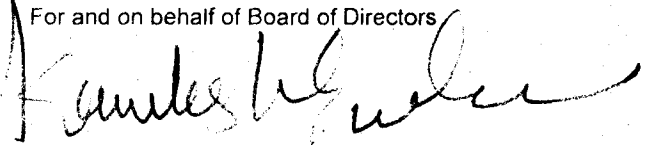
| | | |
|-------------|---|----------------------------------|
| I. | Registration details | |
| | Registration No. : | 26064 |
| | State Code : | 04 |
| | Balance Sheet Date : | 31 ST MARCH 2010 |
| II. | Capital raised during the year | (Amount Rs. In Thousands) |
| | Public Issue | NIL |
| | Right Issue | NIL |
| | Bonus Issue | NIL |
| | Private Placement | NIL |
| III. | Position of Mobilisation and Deployment of Funds | (Amount Rs. In Thousands) |
| | Total Liabilities | 3549165 |
| | Total Assets | 3549165 |
| | Sources of Funds | |
| | Paid-Up Capital | 994711 |
| | Reserve & Surplus | 163900 |
| | Secured Loans | 2287437 |
| | Unsecured Loans | 101277 |
| | Deferred Tax Liability | 1037 |
| | Application of Funds | |
| | Net Fixed Assets | 51994 |
| | Investments | 90934 |
| | Net Current Assets | 3406237 |
| | Miscellaneous Expenditure | NIL |
| | Accumulated Losses | NIL |
| IV. | Performance of the Company | (Amount Rs. In Thousands) |
| | Total Income | 710999 |
| | Total Expenditure | 510038 |
| | Profit Before Tax | 200961 |
| | Profit After Tax available to Equity Shareholder | 132096 |
| | Earnings per share (Rs.) | 5.37 |
| | Dividend Rate (%) on Equity Shares | 8.00% |

V.

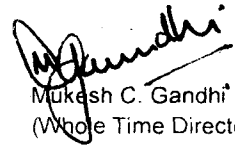
**Generic Names of Principal
Products/Services of the Company (as per
monetary terms)**

Item Code No. : Not Applicable
Product description : Loans under Loans cum
Hypothecation Agreements.

For and on behalf of Board of Directors



Kamlesh C. Gandhi
(Chairman & Managing Director)



Mukesh C. Gandhi
(Whole Time Director)

Place: Ahmedabad.

Date : 28/07/10