



*Mudit
Finlease Ltd.*



"MUDIT SQUARE", the proposed Corporate Office Building of Mudit Finlease Ltd. at Gurgaon (Haryana)

22nd Annual Report 2009-10



BOARD OF DIRECTORS

| | |
|---------------------------|---------------------|
| Shri Pavel Garg | (Managing Director) |
| Smt. Poonam Garg | (Director) |
| Shri Y. Hari Shankar | (Director) |
| Shri Ram Narain Choudhary | (Director) |
| Shri Shrichand Mittal | (Director) |
| Shri Niket Choudhary | (Director) |

REGISTERED OFFICE

CSC-5, Unit No. 2, 1st Floor, DDA Gole Market
Sector-9, Rohini, Delhi-110 085 Ph.: 011-27553028
email : mudit_finlease@rediffmail.com
investors_mfl@rediffmail.com

COMPANY SECRETARY

Shri Chandra Kishore Aggarwal

AUDITORS

M/s. Ahuja Arora & Associates
Chartered Accountants
N-146, 2nd Floor, Greater Kailash Part-I,
New Delhi – 110 048

BANKERS

Punjab National Bank
Syndicate Bank
Axis Bank Ltd.

REGISTRAR AND SHARE TRANSFER AGENTS

Beetal Financial & Computer Services (P) Ltd.,
Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre
Near Dada Harsukhdas Mandir, New Delhi – 110 062
Phone : 29961281, 29961282 Fax : 011-29961284
E-mail : beetal@rediffmail.com

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Second Annual General Meeting** of the Members of **Mudit Finlease Limited** will be held on:

Day : Friday
Date : 10th September 2010
Time : 10.00 A.M
Venue : CSC-5, Unit No. 2, First Floor, DDA Gole Market, Sector-9, Rohini, Delhi-110085

to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March 2010 and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Smt. Poonam Garg, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Shri Niket Choudhary, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

“RESOLVED THAT M/s. G. K. Kedia & Co., Chartered Accountants, New Delhi, be and are hereby appointed as Statutory Auditors of the Company in place of M/s. Ahuja Arora & Associates, the retiring auditors, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be decided by the Board of Directors.”

“RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deeds and documents as may be considered necessary and expedient to give effect to the above said resolutions.”

For and on behalf of the Board

Place: NEW DELHI
Dated: 13th August, 2010

PAVEL GARG
Managing Director

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The appointment of proxy in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. Members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 08th September 2010 to 10th September 2010 (both days inclusive) in connection with the 22nd Annual General Meeting.
4. As a measure of economy, copies of the Annual Reports will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of Annual Reports to the Meeting.



5. Members are requested to notify to the Company immediately of any change in their address.
6. Shareholders seeking any information with regard to accounts are requested to write to the Company 7 days prior to the meeting so as to enable the management to keep the information ready.
7. Members desirous of making nomination in respect of their shareholdings in the Company, as permitted under section 109A of the Companies Act, 1956 are requested to submit their nomination in the prescribed Form 2B for the purpose to the Company.
8. Members, who hold shares in the dematerialized form, are requested to bring their depository account number (Client ID & DP ID) to the meeting for identification.

The details of Directors seeking re-appointment in the forthcoming Annual General Meeting (in pursuance of Clause 49(VI)(A) of the Listing Agreement) are as follows:

| PARTICULARS | Smt. Poonam Garg | Sh. Niket Choudhary |
|---------------------------|---|---|
| Father's Name | Sh. Krishan Lal | Sh. Bharat Bhushan Choudhary |
| Date of Birth | 04-12-1969 | 04-11-1987 |
| Official Address | H. No. 114-L, Model Town, Sonipat-131001 (Haryana) | Flat No. B-66, Cosy Apartments, Sector-9, Rohini, Delhi-110085 |
| Qualifications | Graduate | Graduate Engineer |
| Experience | 8 Years | 4 Years |
| No. of Other Directorship | 3 Companies | NIL |
| Membership of Committees | Audit Committee (In Mudit Finlease Limited) | Shareholder/ Investor Grievance Committee(In Mudit Finlease Limited) |

For and on behalf of the Board

Place: NEW DELHI
Dated: 13th August, 2010

PAVEL GARG
Managing Director

**DIRECTORS' REPORT**

To the Members,

Your directors take pleasure in presenting the Twenty Second Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

(Rs. in Lakhs)

| PARTICULARS | CURRENT YEAR (2009-2010) | | PREVIOUS YEAR (2008-2009) | |
|---|-------------------------------------|---------|--------------------------------------|---------|
| Profit before Depreciation and Finance Charges | | 26.65 | | 41.13 |
| Less: Depreciation | 0.45 | | 0.67 | |
| Finance Charges | 27.85 | (28.30) | 39.50 | (40.17) |
| Net Profit/ Loss after Depreciation and Finance Charges | | (1.65) | | 0.96 |
| APPROPRIATIONS | | | | |
| Provision for Taxation | | 0.05 | | (0.22) |
| Proposed Dividend | | NIL | | NIL |
| General Reserve Balance Carried forward | | (1.60) | | 0.74 |

DIVIDEND

It is endeavor of your Company to make optimum use of its funds for ongoing setup, Expansion and Working Capital requirements. Keeping in mind the aforesaid factors your Directors have decided not to recommend any Dividend for the year ended 31st March 2010.

CURRENT YEAR WORKING

During the year your Company registered a total revenue of Rs. 5115.63 lakhs compared to previous year's revenue of Rs. 3046.69 lakhs. Your Company has incurred a Net Loss of Rs. 1.60 lakhs in comparison to Net Profit of Rs. 0.74 lakhs of previous year.

Your Company has constructed a huge & beautiful building of its own at Gurgaon (Haryana) for its Corporate Office and it will be in a position to enhance its earnings by leasing out some portions of the building. Besides, your Company has forayed in "Advertisement Business" and has already obtained Service Tax Registration for the same.

DIRECTORS

Smt. Poonam Garg and Shri Niket Choudhary, Directors of the Company, being longest in the office retire by rotation at the ensuing Annual General Meeting and being eligible, offer her/himself for re-appointment.

CORPORATE GOVERNANCE

Your Company has been practising the principles of sound corporate governance. In addition to this, the Board lays strong emphasis on transparency, accountability and integrity.

A report on Corporate Governance and Management Discussion and Analysis along with a certificate from the Auditors of the Company regarding the compliance of Corporate Governance as per clause 49 of the Listing Agreement is annexed to and forms part of this report.

AUDITORS

The Board proposed M/s. G. K. Kedia & Co., Chartered Accountants, New Delhi as Statutory Auditors of the Company in place of retiring auditors M/s. Ahuja Arora & Associates. M/s. G. K. Kedia & Co. to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.



The Board of Directors places on record their warm appreciation of the valuable contribution made by M/s. Ahuja Arora & Associates, Chartered Accountants during their association with the Company.

DELISTING OF SECURITIES OF THE COMPANY FROM THE JAIPUR STOCK EXCHANGE LTD. AND COCHIN STOCK EXCHANGE LTD.

Your Company has been delisted from Cochin Stock Exchange Ltd. w.e.f. 31st March, 2010 as desired by us. Our application for delisting of our Company from the Jaipur Stock Exchange Ltd. is under their consideration.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 the Directors of your Company give hereunder the Directors' Responsibility Statement relating to the accounts of the Company.

- a) All the applicable accounting standards have been followed in the preparation of the accompanying accounts.
- b) The directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March 2010 and of the Profit and Loss of the Company for the said period.
- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) The Directors have prepared the Annual Accounts on a going concern basis.

FIXED DEPOSITS

The Company being a Non-Banking Finance Company, the provisions of Section 58A of the Companies Act, 1956 are not applicable.

PARTICULARS OF EMPLOYEES

As on 31st March, 2010, none of the employees were in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 1975 as amended.

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

Since the Company is in Finance Sector and does not do any manufacturing activity, the information required to be disclosed under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, particulars regarding Conservation of Energy and Technology Absorption in the are not applicable to the Company.

There has been no foreign exchange earnings and outflow during the year under report.

ACKNOWLEDGEMENT

Your Directors acknowledge with deep sense of appreciation the encouragement, support and co-operation received by the Company from its Bankers, shareholders and esteemed customers and look forward to their continued support in the future. The Board of Directors also express their sincere gratitude the devoted services rendered by the workers, staff and executives at all levels of Company.

For and on behalf of the Board

Place: New Delhi
Dated: 13th August, 2010

PAVEL GARG
Managing Director

SHRICHAND MITTAL
Director



REPORT ON CORPORATE GOVERNANCE DISCLOSURE (AS PER CLAUSE 49 OF LISTING AGREEMENT)

INTRODUCTION

The Securities and Exchange Board of India has introduced a Code of Corporate Governance (Code) by way of amendments to the listing agreement with the Stock Exchanges. The Company has complied with the mandatory requirements of the Code.

1. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The fundamental objective of Mudit Finlease Limited is enhancement of the long-term shareholder value while at the same time protecting the interests of other stakeholders and adopting a methodology which enhance effectiveness, better utilization of resources, transparent and harmonious relations between various interest groups.

2. BOARD OF DIRECTORS

(A) COMPOSITION

The Board of Mudit Finlease Limited is comprised of 6 Directors of which 2 are Executive. In terms of Clause 49 of the listing agreement 4 Directors are independent. None of the Directors of the Company is a member in more than 10 Committees or Chairman of more than 5 Committees (as specified in Clause 49 of the listing agreement). The Board is primarily responsible for the over all management of Company's business. The composition of Board during the year is as under:

| Sr. No. | Name of Director | Category of Directors | Number of Directorship in other Public Ltd. Companies | Number of committee position in other Public Ltd. Companies |
|---------|--------------------------|-----------------------------|---|---|
| 1. | Mr. Pavel Garg | Promoter & Executive | ---- | ---- |
| 2. | Mrs. Poonam Garg | Promoter & Non-Executive | ---- | ---- |
| 3. | Mr. Y. Harishankar | Independent & Executive | ---- | ---- |
| 4. | Mr. Ram Narain Choudhary | Independent & Non-Executive | ---- | ---- |
| 5. | Mr. Shrichand Mittal | Independent & Non-Executive | ---- | ---- |
| 6. | Mr. Niket Choudhary | Independent & Non-Executive | ---- | ---- |

(B) BOARD PROCEDURE

A detailed agenda folder is sent to each director in advance of Board and Committee meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director briefs the Board at every meeting on the overall Company performance. A detailed functional report is also placed at every Board Meeting.

The functions performed by the Board include review of:-

1. Annual operating plans and budgets and any updates;
2. Capital Budgets and any updates;
3. Quarterly, Half Yearly and Annual financial results;
4. Minutes of the Annual General Meetings/Extraordinary General Meetings/Board Meetings/Meetings of Audit and other Committees of the Board;
5. Show cause, demand, prosecution notices and penalty notices, which are materially important;



6. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
7. Any issue which involves possible public or product liability claims of substantial nature, including any judgment or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
8. Non-compliance of any regulatory, statutory nature or listing requirements and shareholders services such as non-payment of dividend, delay in transfer etc.

(C) MEETINGS

During the year 2009-2010, the Board of Directors met 8 times on the following dates: 24th April 2009, 30th June 2009, 31st July 2009, 07th August 2009, 31st October 2009, 20th November 2009, 30th January 2010 and 26th March 2010.

| Sr. No. | Name of Director | Attendance in Board Meeting held during the year/tenure | Whether Attended AGM held on 30th September, 2009 |
|---------|--------------------------|---|---|
| 1. | Mr. Pavel Garg | 8 | Yes |
| 2. | Mrs. Poonam Garg | 6 | Yes |
| 3. | Mr. Y. Harishankar | 6 | Yes |
| 4. | Mr. Ram Narain Choudhary | 7 | Yes |
| 5. | Mr. Shrichand Mittal | 8 | Yes |
| 6. | Mr. Niket Choudhary | 6 | Yes |

D. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTION

There have been no materially significant related party transactions, pecuniary transaction or relationship between Mudit Finlease Ltd. and its Directors for the year ended 31st March 2010.

E. REMUNERATION OF DIRECTORS: SITING FEES, SALARY, PERQUISITES AND COMMISSION

| Name Of Director | Sitting Fees | Commission on Profits | Salary & Allowances | Contribution to Provident Fund | Total |
|--------------------------|--------------|-----------------------|---------------------|--------------------------------|-----------|
| Mr. Pavel Garg | Nil | Nil | 300000.00 | Nil | 300000.00 |
| Mrs. Poonam Garg | Nil | Nil | Nil | Nil | Nil |
| Mr. Y. Harishankar | Nil | Nil | 200000.00 | Nil | 200000.00 |
| Mr. Ram Narain Choudhary | Nil | Nil | Nil | Nil | Nil |
| Mr. Shrichand Mittal | Nil | Nil | Nil | Nil | Nil |
| Mr. Niket Choudhary | Nil | Nil | Nil | Nil | Nil |

F. COMMITTEES OF THE BOARD**Audit Committee**

The Audit Committee of Mudit Finlease Ltd. performs the following functions:-

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient, and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fees and approval of payment of any other services.
- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing with management, external and internal auditors, the adequacy of internal control system.
- Reviewing the adequacy of the internal audit function.
- Discussing with internal auditors on any significant finding and follow up on such issues.
- Discussing with the external auditors before the audit commences on the nature and scope of audit, as well as having post audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.



The list of the members of Audit Committee and their attendance in the meeting is as follows:

| Name of Director | Attendance Particulars (No. of meetings held – Four) |
|-----------------------|--|
| Pavel Garg (Chairman) | 4 |
| Ram Narain choudhary | 4 |
| Poonam Garg | 4 |

REMUNERATION COMMITTEE

There were no instances requiring the formation of Remuneration Committee.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

This committee is vested with the requisite power and authorities to specifically look into the redressal of shareholders' and investors' grievances.

| No. of Investor Queries /complaints received in the year 2009-2010 | Pending at the end of the year | No. of pending share transfer |
|--|--------------------------------|-------------------------------|
| NIL | NIL | NIL |

The list of members of the committee along with the meeting attended by them during the year.

| Name of Director | Attendance Particulars(No. of meetings held – Seven) |
|-----------------------------|--|
| Shrichand Mittal (Chairman) | 7 |
| Yegnanarayanan Hari Shankar | 7 |
| Niket Choudhary | 4 |

3. MANAGEMENT

A. The Management Discussion and Analysis Report

The Annual Report contains a detailed chapter on management analysis and report.

B. Disclosures by Management to the Board

All details relating to the financial and commercial transactions where Directors may have a potential interest are provided to the Board.

4. SHAREHOLDER INFORMATION

A. Disclosures regarding appointment or re-appointment of Directors

According to the Section 255 read with Section 256 of the Companies Act, 1956, not less than two third of the total number of directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation, Smt. Poonam Garg and Shri Niket Choudhary, are retiring by rotation and being eligible, offer her/himself for re-appointment.

B. Means Of Communication

The Company has published its Annual Results for the year ended 31st March 2010 in Hindi and English newspapers in the month of June 2010 and will publish its future quarterly, half yearly and annual results regularly in Hindi and English newspapers.

C. Investor Grievances

As mentioned earlier, the company has duly constituted Shareholders/Investors Grievances Committee for redressing shareholders' and investors' complaints. The status of compliance is reported to the Board of Directors through the minutes of the committee meetings of the Shareholders/Investors Grievances Committee.

D. Registrar and Share Transfer Agent

The Registrar and Share Transfer Agent is:-

Beetal Financial & Computer Services (P) Ltd.,

BEETAL HOUSE, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi – 110 062, Phone # 29961281, 29961282 Fax : 011-29961284, E-mail: beetal@rediffmail.com

**E. Details of Non-Compliance by the Company, Penalties, and Strictures Imposed on the Company by Stock Exchange or SEBI or Any Statutory Authority or any matter relating to Capital Market.**

Nil

F. General Body Meetings

The last three Annual General Meetings of the Company were held at the Registered Office of the Company on 10th September 2007, 30th September 2008 and 30th September, 2009 respectively.

G. Additional Shareholders Information

Financial year : 1st April 2009 to 31st March 2010

| Results | For the year ended 31st March 2010 were announced on | For the year ending on 31st March 2011 will be announced latest by |
|--|--|--|
| Un-audited financial results for First Quarter ended on 30th June 2009 | 31st July 2009 | 14th August 2010 |
| Un-audited financial results for Second Quarter ended on 30th September 2009 | 31st October 2009 | 15th November 2010 |
| Un-audited financial results for third Quarter ended on 31st December 2009 | 30th January 2010 | 15th February 2010 |
| Audited financial results for the year ended on 31st March 2010 | 29th May 2010 | 31st May 2010 |

Book Closure

Book closure period is from 08th September 2010 to 10th September 2010 (Both days Inclusive).

Listing on Stock Exchanges

The Company's Equity Shares are listed on Bombay Stock Exchange Ltd., The Delhi Stock Exchange Ltd. & The Jaipur Stock Exchange Ltd. The Board has already applied for delisting of the securities from The Jaipur Stock Exchange Ltd.

The ISIN Number of Mudit Finlease Limited on NSDL & CDSL is **INE 220D01010**.

Shares held in Physical and Dematerialisation Form:

As on 31st March 2010, out of the total shares of the Company 36,77,400 shares are in dematerialized form and 14,13,500 shares are in physical form.

Addresses for Correspondence

Registrars and Share Transfer Agents (For share transfer and related queries)

Beetal Financial & Computer Services (P) Ltd.,

BEETAL HOUSE, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi – 110 062, Phone # 29961281, 29961282 Fax : 011-29961284, E-mail: beetal@rediffmail.com

Company (for general assistance)

MUDIT FINLEASE LIMITED
CSC-5, UNIT NO. 2, 1ST FLOOR, DDA GOLE MARKET
SECTOR-9, ROHINI, DELHI- 110 085 PH. NO.: 011-27553028
email: mudit_finlease@rediffmail.com

**ANNEXURE TO DIRECTORS' REPORT****Management Discussion and Analysis Report****INDUSTRY STRUCTURE & DEVELOPMENTS**

The Indian economy has registered a growth of 7.4 per cent in 2009-10, with 8.6 per cent year-on-year (y-o-y) growth in its fourth quarter. The growth is driven by robust performance of the manufacturing sector on the back of government and consumer spending. GDP growth rate of 7.4 per cent in 2009-10 has exceeded the government forecast of 7.2 per cent for the full year. The manufacturing sector witnessed a growth of 16.3 per cent in January-March 2010, from a year earlier.

The Finance Sector showed significant growth rate in 2009-10 over the corresponding period last year (9.7 per cent) India received foreign direct investment (FDI) worth US\$ 25,888 million during April-March, 2009-10, taking the cumulative amount of FDI inflows during August 1991 - March 2010 to US\$ 1, 32,428 million, according to the Department of Industrial Policy and Promotion (DIPP). The services sector comprising financial and non-financial services attracted 21 per cent of the total FDI equity inflow into India, with FDI worth US\$ 4,392 million during April-March 2009-10.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

FINANCIAL YEAR 2009-10 ended with continuous sell off in the Indian stock market. On the very first day of this financial year (FY 2010-11) the trend just reversed and markets regained its strength. Now the short wait for growth & profit figures started and everybody's fingers are crossed! March 2010 was the best month in FY2010 in terms of figures for Indian capital market. Another specialty is that equities once again showed its potential in this financial year. When the financial year started in March 2009 sensx was at 8763. The closing figure for sensx for the financial year is 17528, i.e., an awesome growth rate of 100 percent! The figure just doubled when it reached towards the end of the fiscal. According to reports, India would grow at a rate of 7.2% in FY 2010. From there on the growth rate will be steady and it is believed that a double digit growth rate is attainable. The script for India's growth story is ready and now is the time for work. Looking forward, the Indian stock market's outlook is pleasant. Now it's time for the figures to determine the direction of Indian market. Now is the time for close watch and right catch.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY

The internal control systems are commensurate with the size scale and nature of operation of the Company. The adequacy of the control system is examined by the management at regular intervals and also by the internal auditors. The internal auditors carry out audit at regular intervals to identify the weakness, if any, of the system and suggest improvements for better functioning. The issues raised by the internal auditors on the operation of the Company are regularly discussed at the audit committee meetings.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

For the year under review, your Company registered a total revenue of Rs. 5115.63 lakhs (Rs. 3046.69 lakhs in previous year) and Net Loss for the year was Rs. 1.60 lakhs (Net Profit of Rs. 0.74 lakhs in previous year).

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING THE NUMBER OF PEOPLE EMPLOYED

The Company has a number of employees and the cordial relations were maintained with all of them throughout the year. The Board of the Company wishes to place on record its appreciation to all the employees for their sustained efforts in improving the capacity utilization and operational efficiency.

The Company has initiated many steps in career and personality development of the employees belonging to different departments. The employees attended seminars and other training programs to enhance their skills and knowledge.

To motivate and to get the best results from the employees the Company has the performance based incentive scheme for its entire management & office cadre.

CAUTIONARY STATEMENT

Statement in this report describing the Company's position and expectations may be "forward statements" with in the meaning of applicable securities laws or regulations. Actual result could differ materially from those expressed or implied. Important factors that could make the difference to the Company's operations include, among others, economic condition affecting demand/supply and the price condition in the market in which the Company operates, changes in the Government Regulations, Tax laws and other statutes and incidental factors.

DECLARATION FOR COMPLIANCE OF CODE OF CONDUCT

The Board of Directors and Senior Management have affirmed the compliance with the Code of Conduct for the period ended 31st March 2010 & duly noted by the Board of Directors.

For and on behalf of the Board

Place : New Delhi
Dated : 13th August 2010

PAVEL GARG
Managing Director

SHRICHAND MITTAL
Director



CERTIFICATE PURSUANT TO CLAUSE 49 V OF THE LISTING AGREEMENT

I, Pavel Garg, Managing Director do hereby certify to the Board that :-

I have reviewed the Balance Sheet as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and that to the best of my knowledge and belief :

- (i) the said statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) the said statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of conduct.

I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

During the year : -

- (i) there have not been any significant changes in internal control over financial reporting;
- (ii) there have not been any significant changes in accounting policies; and
- (iii) there have been no instances of significant fraud of which I am aware that involve management or other employees having significant role in the Company's internal control system over financial reporting .

Place: New Delhi
Date: 29th May, 2010

Pavel Garg
Managing Director



AHUJA ARORA & ASSOCIATES

Chartered Accountants

N-146, 2nd Floor,
Greater Kailash Part-I,
New Delhi – 110048
Phone : 29243799, 29243800

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members

Mudit Finlease Limited

Delhi

We have examined the compliance of conditions of Corporate Governance by **MUDIT FINLEASE LIMITED, New Delhi** for the year ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the guidance note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us:

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

For **M/s. AHUJA ARORA & ASSOCIATES**
(Chartered Accountants)

Sd/-

ARUN AHUJA

(Partner)

Membership No: 80768

Place: New Delhi

Date: 29th May, 2010

**AUDITORS' REPORT**

To the members of

MUDIT FINLEASE LIMITED,

We have audited the annexed Balance Sheet of **MUDIT FINLEASE LIMITED**, as at **31/03/2010** and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. This report includes a statement on the matters specified in paragraph 4 and 5 of the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government, in terms of section 227 (4A) of the companies Act, 1956.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion books of accounts as required by the law have been kept by the Company so far as it appears from the examination of such books;
 - (c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement, dealt with by this report, are in agreement with the said books of accounts;
 - (d) In our opinion the Balance Sheet, Profit & Loss Account and the Cash Flow Statement, comply with the accounting standards referred to in Sub Section 3(c) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representation received from the directors as of 31/03/2010 and taken on record by the board of directors, we report that none of the directors is disqualified as of 31/03/2010 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
 - (f) The company has changed its accounting policy related to recognition of interest income and interest expenses at the end of each quarter to at the time of squared up of interest bearing loan accounts or at the end of financial year, whichever is earlier. However, both of above referred changes don't have any effect on the profit of the company at the year end as compared to the previous year.

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, read with notes on Accounting and Accounting Policies mentioned in schedule-16, the said accounts give the information required by the Companies Act, 1956, in the manner so required give a true and fair view:

- (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31/03/2010 and;
- (ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **M/s. AHUJA ARORA & ASSOCIATES**
(Chartered Accountants)

ARUN AHUJA
(Partner)
M.No. 80768

Place : NEW DELHI
Date : 29th May, 2010



ANNEXURE TO THE AUDITORS' REPORT

1. (a) The company has maintained proper records showing particulars including quantitative details and situation of fixed assets. However, the same is need to be updated.
(b) Fixed assets have been physically verified by the management at reasonable intervals; No material discrepancies were noticed on such verification.
(c) No substantial part of fixed assets have been disposed off during the year, and it has not affected the going concern.
2. (a) According to the information and explanation given to us, the stock-in-trade (securities) are kept in demat and physical form. The same are reconciled/ verified with the demat account statements and physical stock by the management at the reasonable intervals.
(b) Procedures for verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business. There is no inadequacies in such procedures that should be reported.
(c) Company is maintaining proper records of inventory. According to the information and explanation given to us, no material discrepancies were noticed on verification.
3. (a) The company has not granted unsecured loans to any person covered in the register maintained u/s.301 of the companies Act,1956, during the year.
(b) The terms and conditions of unsecured loans granted by the company in the earlier year and received back in current year, are prima facie not prejudicial to the interest of the company.
(c) The payment of the principal amount and interest are regular.
(d) The company has taken unsecured loans of Rs. 305 Lacs from two parties covered in the register maintained u/s 301 of the companies Act-1956.
(e) The terms and condition of loans taken by the company, secured or unsecured, are prima facie not prejudicial to the interest of the company.
(f) The terms related to payment of the principal amount are not stipulated.
4. In our opinion and according to the information and explanations given to us there are adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory (securities) and fixed assets and for the sale of goods. During the course of audit, We have not observed continuing failure to correct major weaknesses in internal control system.
5. (a) According to the information and explanations given to us, the particulars of contracts or arrangements with the parties referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
(b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are resonable having regard to the prevailing market prices at the relevant time.
6. According to the information and explanations given to us, no deposits within the meaning of Sections 58A and 58AA or any other relevant provision of the Act and rules framed thereunder has been accepted by the company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
8. The Company is not required to maintain cost cecords pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Act.



9. According to the information and explanations given to us, the company was regular in paying the applicable statutory dues. There are no undisputed statutory dues payable in respect of provident fund, investor education protection fund, employees' state insurance, income tax, sales, tax wealth tax, service tax, custom duty, excise duty, Cess and other material statutory dues which was outstanding as at the last day of the financial year for a period of more than six months from the date they became payable. The clause ix(b) of the paragraph 4 of the order is not applicable to the company.
10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash loss in the immediately preceding financial year. The company has incurred cash loss in the current financial year.
11. The company had neither taken any loan from the financial institutions nor from banks nor issued any debentures, hence, there is no question of repayment of dues to financial institution, or a bank.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi or mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Order are not applicable to the company.
14. According to information and explanations given to us, the company has kept proper records of its transactions and contracts in dealing in or trading in shares, securities, debentures and other investments and the timely entries have, generally, been made therein. The shares, securities, debentures and other investments have been held in the name of the company.
15. On the basis of records examined by us and information provided by the management, we are of the opinion that the company has not given guarantees for loans taken by other from banks or financial institutions.
16. According to information and explanations given to us, the company has not taken the term loans during the year.
17. Based on an overall examination of the Balance Sheet of the company for the year, we report that no funds raised on short-term basis have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, during the year.
19. The company has not issued any debentures during the year. Therefore provisions of clause 4(xix) of the Order are not applicable to the company.
20. The company has not raised any money from the public during the year under audit.
21. According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.

For **M/s. AHUJA ARORA & ASSOCIATES**
(Chartered Accountants)

Place : New Delhi
Date : 29th May, 2010

ARUN AHUJA
Partner
Membership No. 80768



BALANCE SHEET AS AT 31ST MARCH, 2010

| SCHEDULES | | AS AT 31.03.2010 Rs. | AS AT 31.03.2009 Rs. |
|---|----|----------------------------|----------------------------|
| I. SOURCES OF FUNDS | | | |
| 1. Shareholders' Funds: | | | |
| (a) Capital | 1 | 50,909,000 | 50,909,000 |
| (b) Reserve & Surplus | 2 | 12,606,082 | 12,766,142 |
| 2. Loan Funds: | | | |
| (a) Secured Loans | | - | - |
| (b) Unsecured Loans | 3 | 70,049,097 | 52,300,000 |
| 3. Deferred Tax (Net) | | | |
| | 4 | 14,221 | 19,253 |
| Total | | 133,578,400 | 115,994,396 |
| II. APPLICATION OF FUNDS | | | |
| 1. Fixed Assets : | | | |
| (a) Gross Block | 5 | 25,325,502 | 25,289,135 |
| (b) Less : Depreciation | | 319,912 | 274,488 |
| (c) Net Block | | 25,005,590 | 25,014,647 |
| (d) Capital Work in Progress | | 33,917,078 | 21,335,809 |
| | | 58,922,668 | 46,350,456 |
| 2. Investments | | | |
| | | - | - |
| 3. Current Assets, Loans & Advances | | | |
| (a) Inventories | 6 | 900,000 | 900,000 |
| (b) Sundry Debtors | | - | - |
| (c) Cash and Bank balances | 7 | 2,909,166 | 10,124,638 |
| (d) Other current assets | | - | - |
| (e) Loans and Advances | 8 | 71,135,855 | 59,579,418 |
| | | 74,945,021 | 70,604,056 |
| Less : Current Liabilities and Provisions | | | |
| (a) Liabilities | 9 | 286,000 | 944,075 |
| (b) Provisions: | | 3,289 | 16,042 |
| Net Current Assets | | 74,655,732 | 69,643,940 |
| 4. (a) Miscellaneous Expenditure | | | |
| (To the extent not written off or adjusted) | | - | - |
| (b) Profit and Loss Account | | - | - |
| Total | | 133,578,400 | 115,994,395 |
| Notes to the Accounts and Significant Accounting Policies | 16 | 0 | 0 |

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

In terms of our report of even date attached.

For Ahuja Arora & Associates

Chartered Accountants

Arun Ahuja

Partner

Membership No. 80768

Place : New Delhi

Date : 29.05.2010

For and on behalf of the Board

Pavel Garg

Managing Director

Poonam Garg

Director

R. N. Choudhary

Director

S.C. Mittal

Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**

| PARTICULARS | SCHEDULES | AS AT | |
|--|-----------|-------------------|-------------------|
| | | 31.03.2010 Rs. | 31.03.2009 Rs. |
| I. INCOME | | | |
| Income from Capital Market | 10 | 3,640,312 | 541,324 |
| Interest Income | 11 | 3,240,983 | 6,250,632 |
| Other Income | 12 | 25,465 | 20,266 |
| | | 6,906,760 | 6,812,222 |
| II. EXPENDITURE | | | |
| Personnel Expenses | 13 | 2,625,794 | 1,890,815 |
| Administrative & Operating Expenses | 14 | 1,615,567 | 808,321 |
| Finance Charges | 15 | 2,785,068 | 3,950,396 |
| | | 7,026,429 | 6,649,532 |
| III. PROFIT BEFORE DEPRECIATION & TAX (I-II) | | (119,669) | 162,690 |
| Depreciation | | (45,424) | (66,576) |
| IV. PROFIT BEFORE TAX | | (165,093) | 96,114 |
| Provision for Taxation : | | | |
| Current Tax/MAT Credit | - | (11,664) | |
| Fringe Benefit Tax | - | (12,753) | |
| Deferred Tax | 5,032 | 5,032 | 2,051 |
| | | | (22,366) |
| V. PROFIT/(LOSS) AFTER TAXES | | (160,061) | 73,748 |
| Excess/less Provision for taxation of earlier year | | - | - |
| | | (160,061) | 73,748 |
| Profit/(Loss) brought from previous year | | 12,766,142 | 12,692,395 |
| Profit/(Loss) carried to Balance Sheet | | 12,766,082 | 12,766,142 |
| Earning Per Share (Basic and Diluted) | | (0.03) | 0.01 |
| Notes to the Accounts and Significant Accounting Policies | 16 | | |

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

In terms of our report of even date attached.

For Ahuja Arora & Associates
Chartered Accountants

For and on behalf of the Board

Arun Ahuja
Partner
Membership No. 80768

Pavel Garg
Managing Director

Poonam Garg
Director

Place : New Delhi
Date : 29.05.2010

R. N. Choudhary
Director

S.C. Mittal
Director



| SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31st MARCH, 2010 | | | | | | | | | | | |
|--|-----------------|----------------------------|----------------------|-----------------------|-----------------|----------------------------|--------------|----------------------|---------------|-----------------|-----------------|
| PARTICULARS | | AS AT 31.03.2010 Rs. | | | | AS AT 31.03.2009 Rs. | | | | | |
| SCHEDULE-1 | | | | | | | | | | | |
| SHARE CAPITAL | | | | | | | | | | | |
| Authorised | | | | | | | | | | | |
| 60,00,000 Equity shares of Rs. 10/- each | | 60,000,000 | | | | 60,000,000 | | | | | |
| Issued, Subscribed and Paid-up | | | | | | | | | | | |
| 50,90,900 Equity shares of Rs. 10/- each fully paid-up | | 50,909,000 | | | | 50,909,000 | | | | | |
| | | 50,909,000 | | | | 50,909,000 | | | | | |
| SCHEDULE-2 | | | | | | | | | | | |
| RESERVE & SURPLUS | | | | | | | | | | | |
| Balance in Profit & Loss Appropriation A/c. | | 12,606,082 | | | | 12,766,142 | | | | | |
| | | 12,606,082 | | | | 12,766,142 | | | | | |
| SCHEDULE-3 | | | | | | | | | | | |
| UNSECURED LOAN | | | | | | | | | | | |
| From Directors | | - | | | | 28,300,000 | | | | | |
| From Others | | 70,049,097 | | | | 24,000,000 | | | | | |
| | | 70,049,097 | | | | 52,300,000 | | | | | |
| SCHEDULE-4 | | | | | | | | | | | |
| DEFERRED TAX (Net) | | | | | | | | | | | |
| Timing difference between depreciable assets | | 14,221 | | | | 19,253 | | | | | |
| | | 14,221 | | | | 19,253 | | | | | |
| SCHEDULE-5 | | | | | | | | | | | |
| FIXED ASSETS | | | | | | | | | | | |
| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | | NET BLOCK | |
| | Opening Balance | Additions During the year | Sale During the year | Total As On 31.3.2010 | Opening Balance | Rate of Depre. | For the year | Sale During the year | Up to 31.3.10 | As At 31.3.2010 | As At 31.3.2009 |
| a) Land & Building | | | | | | | | | | | |
| Plot (HUDA) | 24,885,335 | - | - | 24,885,335 | - | 0% | - | - | - | 24,885,335 | 24,885,335 |
| b) Plant & Machinery | | | | | | | | | | | |
| Computer | 362,952 | - | - | 362,952 | 264,610 | 40% | 39,337 | - | 303,947 | 59,005 | 98,342 |
| Water Purifier | 9,000 | - | - | 9,000 | 2,238 | 13.91% | 940 | - | 3,178 | 5,822 | 6,762 |
| Motor Cycle | - | 36,367 | - | 36,367 | - | 25.89% | 1,780 | - | 1,780 | 34,587 | 6,762 |
| Mobile | 31,848 | - | - | 31,848 | 7,640 | 13.91% | 3,367 | - | 11,007 | 20,841 | 24,208 |
| Sub-Total | 25,289,135 | 36,367 | - | 25,325,502 | 274,488 | | 45,424 | - | 319,912 | 25,005,590 | 25,021,409 |
| c) Capital Work in Progress | | | | | | | | | | | |
| Building | 21,335,809 | 12,581,269 | - | 33,917,078 | - | 0% | - | - | - | 33,917,078 | 21,335,809 |
| Current Year | 46,624,944 | 12,617,636 | - | 59,242,580 | 274,488 | - | 45,424 | - | 319,912 | 58,922,668 | 46,357,218 |
| Previous Year | 29,267,856 | 17,357,088 | - | 46,624,944 | 207,912 | - | 66,576 | - | 274,488 | 46,350,456 | 29,059,944 |
| SCHEDULE-6 | | | | | | | | | | | |
| INVENTORIES | | | | | | | | | | | |
| (as taken, valued & certified by Management) | | | | | | | | | | | |
| Stock of Shares : | | | | | | | | | | | |
| - Quoted (At lower of cost or market price) | | | | | | | | | | | |
| | | | | | | | | | | | |



| | | | |
|--|--------------------|--------------------|--------------------|
| - Unquoted (At cost) (Refer clause no.8 of Notes to the Accounts) | 900,000 | | 900,000 |
| | <u>900,000</u> | | <u>900,000</u> |
| SCHEDULE-7 | | | |
| CASH & BANK BALANCES | | | |
| Cash in hand | 128,163 | | 520,832 |
| Balance with Scheduled Banks in current A/cs. | 2,781,003 | | 9,603,807 |
| | <u>2,909,166</u> | | <u>10,124,638</u> |
| SCHEDULE-8 | | | |
| LOANS & ADVANCES | | | |
| (Advances recoverable in cash or in kind or for value to be received) | | | |
| Loans & Advances (Unsecured, Considered good unless otherwise specified) | 51,961,115 | | 49,724,599 |
| Advance for Capital Expenditure | 2,442,497 | | 684,720 |
| Advance for Properties | 14,699,200 | | 7,882,000 |
| Security Deposits | 636,646 | | 56,646 |
| Prepaid Expenses | 488,683 | | - |
| TDS Deducted | 820,197 | | 1,131,453 |
| Advance FBT | - | | 12,483 |
| MAT Credit Entitlement | 87,517 | | 87,517 |
| | <u>71,135,855</u> | | <u>59,579,418</u> |
| SCHEDULE-9 | | | |
| CURRENT LIABILITIES & PROVISIONS | | | |
| Current Liabilities | | | |
| Sundry Creditors for Capital Expenditure | 57,166 | | 4,663 |
| Revenue Expenses Payable | 228,834 | | 939,412 |
| | <u>286,000</u> | | <u>944,075</u> |
| Provisions : | | | |
| Income Tax | 3,289 | | 3,289 |
| Fringe Benefit Tax | - | | 12,753 |
| | <u>3,289</u> | | <u>16,042</u> |
| | <u>289,289</u> | | <u>960,117</u> |
| SCHEDULE-10 | | | |
| INCOME FROM CAPITAL MARKET | | | |
| Sale of Shares | 512,064,699 | | 287,994,059 |
| Closing Stock in Trade | 900,000 | | 900,000 |
| | <u>512,964,699</u> | | <u>288,894,059</u> |
| Less : Opening Stock of Shares | 900,000 | 2,237,688 | |
| Purchase of Shares | <u>504,654,892</u> | <u>296,518,697</u> | 298,756,385 |
| | 7,409,807 | | (9,862,325) |
| Add: Jobbing/F&O Trading Income | (2,536,873) | | 11,606,660 |
| Add: Dividend Income | 18,652 | | 64,188 |
| Less: STT & Other Expenses | (1,251,274) | | (1,267,199) |
| | <u>3,640,312</u> | | <u>541,324</u> |
| SCHEDULE-11 | | | |
| INTEREST INCOME | | | |
| On Loans & Advances | 3,240,983 | | 6,250,632 |
| (TDS of Rs, 79,219/- (Pr. Yr. Rs. 7,40,978/-) | <u>3,240,983</u> | | <u>6,250,632</u> |

**SCHEDULE-12****OTHER INCOME**

| | | |
|--|---------------|---------------|
| Interest received on Income-tax refund | 25,465 | 20,266 |
| | <u>25,465</u> | <u>20,266</u> |

SCHEDULE-13**PERSONNEL EXPENSES**

| | | |
|--------------------------|------------------|------------------|
| Director Remuneration | 300,000 | 300,000 |
| Staff Salary | 2,194,975 | 1,454,000 |
| Staff Welfare | 51,419 | 48,015 |
| Perquisites & Allowances | 79,400 | 88,800 |
| | <u>2,625,794</u> | <u>1,890,815</u> |

SCHEDULE-14**ADMINISTRATIVE AND OPERATING EXPENSES**

| | | |
|--|------------------|----------------|
| Advertisement | 35,715 | 27,074 |
| Audit Fees | 22,060 | 22,060 |
| Books, Newspaper & Periodicals | 9,492 | 6,209 |
| Business Promotion | 16,559 | 6,518 |
| Car Hire Charges | 165,000 | 180,000 |
| Computer Repair & Maintenance | 32,263 | 26,376 |
| Conference Expenses | - | 7,200 |
| Electricity Expenses | 4,620 | 15,936 |
| House Tax | 2,641 | 2,597 |
| Advertisement Fees to MC(Gurgaon) | 52,500 | - |
| Registration Expenses | 20,000 | - |
| Internet Charges | 3,827 | 3,337 |
| Legal and Professional Charges | 222,806 | 127,360 |
| Listing Fees and Annual Custodial Fees | 686,614 | 62,383 |
| National Festival Exps. | - | 9,200 |
| Office expenses | 41,642 | 42,034 |
| Office Repair & Maintenance | 32,662 | 25,889 |
| Postage and Courier | 42,226 | 36,560 |
| Printing & Stationary | 53,859 | 46,823 |
| Record Maint. Charges | 15,994 | 13,461 |
| Rent Paid | 120,000 | 120,000 |
| ROC Filing Fee | 5,700 | 3,000 |
| Telephone Expenses | 17,387 | 12,407 |
| Water Charges | 12,000 | 11,897 |
| Rounded off | - | 0 |
| | <u>1,615,567</u> | <u>808,321</u> |

SCHEDULE-15**FINANCE CHARGES**

| | | |
|------------------------|------------------|------------------|
| Bank Charges | 10,245 | 6,314 |
| Interest Paid (Others) | 2,774,823 | 3,944,082 |
| | <u>2,785,068</u> | <u>3,950,396</u> |

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31st MARCH, 2010****SCHEDULE – 16****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS****(A) Significant Accounting Policies****1) Basis of preparation of Financial Statements**

The financial statements are prepared and presented under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles in India ("GAAP"), applicable Accounting Standards issued by The Institute of Chartered Accountants of India and under the historical cost convention, on accrual basis.

2) Revenue Recognition

Revenue is being recognized in accordance with the guidance Note on Accrual Basis of Accounting issued by The Institute of Chartered Accountants of India. Accordingly wherever there are uncertainties in the realization of income, the same is not accounted for till such time the uncertainty is resolved.

Income from sale of shares is recognized on the execution of transaction on the stock exchange. Income from jobbing operation and from F&O Activities is recognized on the settlement date. Income from interest on loan given is recognized on a time proportion basis at the time of squared up of interest bearing loan accounts or at the end of financial year, whichever is earlier. Dividend income is recognized on receipt basis.

3) Treatment of Expenses

All expenses are accounted for on accrual basis, however, listing fees payable to Jaipur Stock Exchange (JSE), Cochin Stock Exchange and Delhi Stock Exchange (DSE) pertaining to previous years have been paid during the year and accounted for in the books of accounts. The company is in the process of delist its scrip from two stock exchanges except from DSE.

4) Fixed Assets

Fixed Assets are stated at historical cost, less depreciation. Costs of fixed assets include taxes, duties, freight and other expense incidental and related there to the construction, acquisition, and installation of respective assets.

5) Capital Work-in-progress

The costs incurred on that assets for which the construction is under progress and are not ready for their intended use on the date of financial statements, are shown under the head- Capital work-in-progress.

6) Borrowing Cost

Borrowing costs that are allocated to the acquisition or construction of qualified assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charges to revenue.

7) Depreciation

Depreciation is provided on fixed assets on the basis of written down value method on pro-rata basis at the rates prescribed in schedule XIV to the Companies Act, 1956. No depreciation has been provided on the Capital work-in-progress.

8) Inventories

Stock-in-trade (quoted) is valued at cost (on first-in-first-out (FIFO) basis) or market prices, whichever is lower. Unquoted stock-in-trade is valued at cost.

9) Taxation

Provision for current income tax has been made as per the provisions of the Income Tax Act.



Deferred tax is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

10) Employees Benefits

Provision of Gratuity has not been made, as presently no employee is eligible for the same. Provisions of provident fund and ESI have not been made, as the provisions of the same are yet not applicable to the company. The company is not paying leave encashment benefits to its employees as per the rules of the company.

11) Leases

The company has taken office building on lease, which is classified as an Operating Lease.

12) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

13) Contingent liabilities

Contingent liabilities are not provided for in the accounts but are disclosed in notes to accounts.

(B) Notes to the Accounts

1. Contingent Liabilities

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 0.75 Crores (previous year Rs. 0.50 Crores).

| 2. Payment made to Directors includes: | Current year | Previous year |
|--|--------------|---------------|
| Managerial Remuneration | 3,00,000/- | 3,00,000/- |
| 3. Payments to Auditors includes: | Current year | Previous year |
| Audit Fees | 22,060/- | 22,060/- |

4. Change in Accounting Policies:

The company has changed its accounting policy related to recognition of interest income and interest expenses at the end of each quarter to at the time of squared up of interest bearing loan accounts or at the end of financial year, which ever is earlier.

However, both of above referred changes don't have any effect on the profit of the company at the year end as compared to the previous year.

5. Segmental Reporting:

The company is an investing and financing company and most of the revenue of the company arise from investing activities. As all the investment and finances made by the company are subject to same risk and return, hence, there is only one segment of business.

6. Deferred Tax

Consequent to the issuance of Accounting Standard (AS) 22, "Accounting For Taxes on Income" issued by The Institute of Chartered Accountants of India, the Company has recognised deferred tax liability of Rs.14,221/-for the period up to 31st March, 2010 on account of difference in depreciation rates prescribed as per the Companies Act, 1956 and as per Income Tax Act, 1961.

7. Operating Lease

The company has taken head office building on lease which is classified as an Operating Lease. The information as per Accounting Standard (AS) 19, 'Leases' issued by The Institute of Chartered Accountants of India is as follows:-

- (a) The total of future minimum lease payments payable for each of the following periods:-



- (i) not later than one year Rs. 1,20,000/-
(ii) later than one year and not later than five years Rs. 1,20,000/-
(iii) later than five years Rs. Nil
- (b) Lease payment recognized in the statement of profit and loss for the period Rs. 1,20,000/-
- (c) (i) The company has taken head office building on lease for 3 years, which can be increased as mutually decided by both the parties to the lease agreement.
(ii) If both the parties agreed to increase the lease period, the lease rental after three years will increase by such % as mutually decided by both the parties.

8. Dealing in Securities:

Quantitative information pursuant to paragraphs 3 and 4 of part II of schedule VI to Companies Act, 1956, is, in respect of dealing in securities, stated to the extent applicable to the company:

| | As at March 31, 2010 | | As at March 31, 2009 | |
|---------------|----------------------|--------------|----------------------|--------------|
| | Quantity (Nos.) | Amount (Rs.) | Quantity (Nos.) | Amount (Rs.) |
| Opening Stock | 18000 | 9,00,000 | 13762 | 22,37,688 |
| Purchases | 2085417 | 50,46,54,892 | 1514879 | 29,65,18,696 |
| Sales | 2085417 | 51,20,64,698 | 1510641 | 28,79,94,059 |
| Closing Stock | 18000 | 9,00,000 | 18000 | 9,00,000 |

9. Related Party Disclosures:

- a. List of related parties and their relationship (as recognized by the management):

- i. Shri Pavel Garg (Key Management Personnel)
- ii. Smt. Poonam Garg (Key Management Personnel)
- iii. Shri Ram Narain Choudhary (Key Management Personnel)
- iv. Shri Niket Choudhary (Key Management Personnel)
- v. Sh. Shri Chand Mittal (Key Management Personnel)
- vi. Combitic Global (Associate)
- vii. Combitic Global Caplet Pvt. Ltd. (earlier name-Unisule Pvt. Ltd.) (Associate)

- b. Related Parties Transactions:

The details of transactions between the Company and the related party, as defined in the Accounting Standard- 18, are given below:

(Figures in brackets relate to the previous year)

(Rs. in Lacs)

| Sl. No. | Nature of transactions | Key Management Personnel & their relatives | Associates | Closing Balance as on 31-3-2010 |
|---------|------------------------------|--|---------------|---------------------------------|
| 1. | Remuneration Paid | 3.00 (3.00) | - (-) | - (-) |
| 2. | Unsecured Loan : Received | 50.00 (490.81) | 255.00 (-) | - (283.00) |
| | Paid back | 333.00 (212.42) | 20.00 (-) | 235.28 (-) |



| | | | | |
|----|--------------------------|----------------|---------------|--------------|
| 3. | Unsecured Loan: given | - (-) | - (77.00) | - (11.43) |
| | Received back | - (-) | - (251.34) | - (-) |
| 4. | Interest Received | - (-) | - (0.62) | - (-) |
| 5. | Interest Paid | 9.96 (4.81) | 0.49 (-) | - (-) |

Note: In opinion of board, non-executive directors are not key management personnel for AS-18.

10. Earnings/ (Loss) Per Share (EPS):

| | Current year | Previous year |
|---|--------------|---------------|
| Profit after tax attributable to Equity shareholders (Numerator used for calculating basic EPS) | (1,55,028) | 73,748 |
| Weighted average number of equity share outstanding during the year (Denominator used for calculating basic EPS) | 50,90,900 | 50,90,900 |
| Nominal value of share | 10 | 10 |
| Basic Earning/ (Loss) per share | (0.03) | 0.01 |
| Diluted Earning/ (Loss) per share | (0.03) | 0.01 |

11. On the basis of above information available with the company, there are no amounts payable to micro and small enterprises as at 31.03.2010 (Pr.Year- Nil). However, the status of all the undertakings is presently not known to the company.
12. Earning/Expenditure in foreign currency: Rs. Nil (Pr. Yr. Nil)
13. Debit and credit balances with the parties are subject to their confirmations by the parties.
14. In the opinion of board of directors, the current assets, loans & advances shall have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet and provisions for all the known current liabilities have been made in the balance sheet.
15. Schedule to the Balance Sheet as required in terms of Paragraph 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, and Additional information pursuant to the provisions of part IV of Schedule VI to the Companies Act, 1956, Balance Sheet Abstract and Company's General Business Profile- are enclosed herewith by way of separate annexures.
16. Previous year figures have been regrouped or rearranged wherever considered necessary to make it comparable with the figures of the current year.

The Schedules referred to above and the Notes attached to form an integral part of Accounts

In terms of our report of even date attached

For **Ahuja Arora & Associates**
Chartered Accountants

Arun Ahuja
(Partner)

For and on behalf of Board of Directors

Pavel Garg
Managing Director

Poonam Garg
Director

Date : 29th May, 2010
Place : New Delhi

R. N. Choudhary
Director

S.C. Mittal
Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****1. Registration Details**

| | | | |
|--------------------|------------|------------|----|
| Registration No. | 035635 | State Code | 55 |
| Balance Sheet Date | 31.03.2010 | | |

2. Capital raised during the year (Rs. '000s)

| | | | |
|--------------|-----|-------------------|-----|
| Public Issue | NIL | Right Issue | NIL |
| Bonus Issue | NIL | Private Placement | NIL |

3. Position of Mobilization and Deployment of Funds (Rs. '000s)

| | | | |
|-------------------|--------|--------------|--------|
| Total Liabilities | 133578 | Total Assets | 133578 |
|-------------------|--------|--------------|--------|

Sources of Funds

| | | | |
|-----------------|-------|-------------------|-------|
| Paid up capital | 50909 | Reserve & Surplus | 12606 |
| Secured Loans | NIL | Unsecured Loans | 70049 |
| Deferred Tax | 14 | | |

Application of Funds

| | | | |
|--------------------|-------|--------------|-----|
| Net Fixed Assets | 58922 | Investments | NIL |
| Net Current Assets | 74656 | Deferred Tax | NIL |

4. Performance of Company (Rs. 000s)

| | | | |
|--------------------------|--------|-----------------------|--------|
| Turnover | 512812 | Total Expenditure | 512977 |
| Profit/(loss) Before tax | (165) | Profit/loss After tax | (160) |
| Earning per share in Rs. | (0.03) | Dividend rate % | NIL |

5. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

| Item Code No. : | Service Description | NBFC Co. |
|-----------------|--|--------------------------------|
| | For Ahuja Arora & Associates Chartered Accountants | For and on behalf of the Board |

Arun Ahuja
Partner
Membership No. 80768

Pavel Garg
Managing Director

Poonam Garg
Director

Place : New Delhi
Date : 29.05.2010

R. N. Choudhary
Director

S.C. Mittal
Director



CASH FLOW STATEMENT

| PARTICULARS | YEAR ENDED 31.03.2010 | YEAR ENDED 31.03.2009 |
|---|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit before Tax | (165,093) | 96,114 |
| Adjustments for : | | |
| Depreciation | 45,424 | 66,576 |
| (Profit)/Loss on sale of Fixed Assets | - | - |
| Operating Profit before working capital changes | <u>(119,669)</u> | <u>162,690</u> |
| Adjustments for : | | |
| Loans & Advances/Current Assets | (9,319,919) | 1,507,804 |
| Increase/(Decrease) in Inventories | - | 1,337,688 |
| Current Liabilities | (675,860) | (46,174) |
| Cash Generated from operation before Income Tax | (10,115,448) | 2,962,008 |
| Income Tax/FBT/MAT/STT/Provision W/back | 5,032 | (22,366) |
| Cash generated from operating activities (A) | (10,110,416) | 2,939,642 |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets | (12,617,636) | (17,357,088) |
| Sale of Fixed Assets | - | - |
| Sale/(Investment) (Net) | - | - |
| Net Cash used from investing activities (B) | (12,617,636) | (17,357,088) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Unsecured Loan received | 17,749,097 | (5,161,995) |
| Unsecured loan paid | (2,236,516) | 28,074,950 |
| Net Cash flow from financing activities (C) | <u>15,512,581</u> | <u>22,912,955</u> |
| Net increase/(Decrease) in cash & cash equivalents (A+B+C) | <u>(7,215,471)</u> | <u>8,495,509</u> |
| Cash and cash equivalent at beginning of the year | 10,124,638 | 1,629,129 |
| Cash and cash equivalent at the end of the year | 2,909,166 | 10,124,638 |
| Note :- Previous year figures have been regrouped wherever necessary | | |
| In terms of our report of even date attached For Ahuja Arora & Associates Chartered Accountants | | For and on behalf of the Board |
| Arun Ahuja Partner Membership No. 80768 | Pavel Garg Managing Director | Poonam Garg Director |
| Place : New Delhi Date : 29.05.2010 | R. N. Choudhary Director | S.C. Mittal Director |
| Auditors' Report | | |
| We have examined the above cash flow statements of Mudit Finlease Limited for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirement of the listing agreements with the Stock Exchange and is based on and in agreement with the corresponding profit & loss account and balance sheet of the company covered by our report of 29th May, 2010, to the members of the company. | | |
| | | For Ahuja Arora & Associates Chartered Accountants |
| Place : New Delhi Date : 29.05.2010 | Arun Ahuja Partner M. No. 80768 | |



| Schedule to the Balance Sheet of a Non-Banking Financial Company [As required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998] | | | |
|---|--|---------------------------|----------------|
| MUDIT FINLEASE LIMITED | | | |
| For the year ended 31st March, 2010 | | | |
| (Rs.in lakhs) | | | |
| Particulars | | 31.03.2010 | |
| Liabilities side : | | | |
| 1 | Loans and advances availed by the NBFCs inclusive of Interest accrued thereon but not paid : | Amount Outstanding | Amount overdue |
| | (a) Debentures : Secured | NIL | NIL |
| | : Unsecured | NIL | NIL |
| | (other than falling within the meaning of public deposits*) | | |
| | (b) Deferred Credits | NIL | NIL |
| | (c) Term Loans | NIL | NIL |
| | (d) Inter-corporate loans and borrowing | 700 | NIL |
| | (e) Commercial Paper | NIL | NIL |
| | (f) Public Deposits* | NIL | NIL |
| | (g) Other Loans from Director | NIL | NIL |
| | *Please see Note I below | | |
| 2 | Break-up of (1)(f) above (Outstanding public deposits inclusive of Interest accrued thereon but not paid) : | | |
| | (a) In the form of Unsecured debentures | NIL | NIL |
| | (b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security | NIL | NIL |
| | (c) Other public deposits | NIL | NIL |
| Assets Side : | | Amount Outstanding | |
| 3 | Break-up of Loans and Advances including bills receivables [other than those Included in (4) below] : | | |
| | (a) Secured | NIL | |
| | (b) Unsecured | 520 | |
| 4 | Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP Activities | | |
| | (i) Lease assets including lease rentals under sundry debtors : | NIL | |
| | (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) Hypothecation loans counting towards EL/HP activities | | |
| | (a) Loans where assets have been repossessed | NIL | |
| | (b) Loans other than (a) above | NIL | |
| 5 | Break-up of Investments : | | |
| | Current Investments : | | |
| | 1. Quoted : | | |
| | (i) Shares : (a) Equity | NIL | |
| | (b) Preference | NIL | |
| | (ii) Debenture and Bonds | NIL | |
| | (iii) Units of Mutual Funds | NIL | |
| | (iv) Governments Securities | NIL | |
| | (v) Others (please specify) | NIL | |
| | 2. Unquoted : | | |
| | (i) Shares : (a) Equity | NIL | |
| | (b) Preference | NIL | |
| | (ii) Debenture and Bonds | NIL | |
| | (iii) Units of Mutual Funds | NIL | |
| | (iv) Government Securities | NIL | |
| | (v) Others (Please specify) | NIL | |
| | Long Term Investments : | | |
| | Current Investments : | | |
| | 1. Quoted : | | |
| | (i) Shares : (a) Equity | NIL | |
| | (b) Preference | NIL | |



| | | |
|---|--|--|
| | (ii) Debenture and Bonds (iii) Units of Mutual Funds (iv) Governments Securities (v) Others (please specify) | NIL NIL NIL NIL |
| | 2. Unquoted : (i) Shares : (a) Equity (b) Preference (ii) Debenture and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others (Please specify) | NIL NIL NIL NIL NIL NIL |
| 6 | Borrower group-wise classification of all leased stock-on-hire and loans and advances : Please see Note 2 below Category | Amount net of provisions Secured Unsecured Total |
| | 1. Related Parties " (a) Subsidiaries (b) Companies in the same group (c) Other related parties | NIL NIL NIL NIL NIL NIL NIL NIL NIL |
| | 2. Other than related parties Total | NIL 520 520 NIL 520 520 |
| 7 | Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Category | Market Value / Break-up or Fair value or NAV Book Value (Net of Provisions) |
| | 1. Related Parties " (a) Subsidiaries (b) Companies in the same group (c) Other related parties | NIL NIL NIL NIL NIL NIL NIL NIL |
| | 2. Other than related parties Total | NIL NIL NIL NIL |
| 8 | "As per Accounting Standard of ICAI (Please see Note 3) Other Information Particulars | Amount |
| | (i) Gross Non-Performing Assets (a) Related parties (b) Other than related parties | NIL NIL NIL |
| | (ii) Net Non-Performing Assets (a) Related parties (b) Other than related parties | NIL NIL NIL |
| | (iii) Assets acquired in satisfaction of debt | NIL |
| Notes : | | |
| 1 As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998. | | |
| 2 Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. | | |
| 3 All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break-up/fair value/ Nav in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above. | | |
| For Ahuja Arora & Associates Chartered Accountants | | For and on behalf of the Board |
| Arun Ahuja Partner Membership No. 80768 | Pavel Garg Managing Director | Poonam Garg Director |
| Date : 29th May, 2010 Place : New Delhi | R.N. Choudhary Director | S.C. Mittal Director |



MUDIT FINLEASE LIMITED

Registered Office : CSC-5, Unit No. 2, (1st Floor), DDA Gole Market, Sector-9, Rohini, Delhi-110085

ATTENDANCE SLIP

| |
|--------------------|
| L.F. No. |
| DP ID |
| Account ID |
| No. of Shares Held |

I/We hereby record my/our presence at the Twenty Second Annual General Meeting of the Company to be held on Friday the 10th day of September, 2010 at 10.00 A.M. at the Registered Office of the Company at, CSC-5, Unit No. 2, (1st Floor), DDA Gole Market, Sector-9, Rohini, New Delhi-110085

| | |
|---|--|
| Name of the Shareholder (In Block Letters) | |
| Signature of the Shareholder | |
| Name of the Proxy (In Block Letters) | |
| Signature of the Proxy | |

- Notes : 1) You are requested to sign and handover this slip at the entrance.
 2) If you are attending the meeting in person or by proxy, your copy of the Annual Report may please be brought by you/your proxy for reference at the meeting.

MUDIT FINLEASE LIMITED

Registered Office : CSC-5, Unit No. 2, (1st Floor), DDA Gole Market, Sector-9, Rohini, Delhi-110085

PROXY FORM

| |
|--------------------|
| L.F. No. |
| DP ID |
| Account ID |
| No. of Shares Held |

I/We of

 being a member/members of MUDIT FINLEASE LIMITED hereby appoint
 of

 or failing him/her
 of
 as my/our proxy to vote for me/us on my/our behalf at
 the Twenty Second Annual General Meeting of the Company to be held on Friday, the 10th day of
 September 2010, at 10.00 A.M. or any adjournment thereof.

Signed this day of 2010.

| |
|--|
| Please Affix Rupee One Revenue Stamp |
|--|

Note : This form in order to be effective should be stamped, completed and signed and must be lodged at the Registered Office of the Company not less than 48 hours before meeting.

BOOK - POST

If undelivered please return to :



**Mudit
Finlease Ltd.**

CSC-5, Unit No. 2, 1st Floor, DDA Gole Market
Sector-9, Rohini, Delhi-110 085 Ph. No. 011-27553028
email : mudit_finlease@rediffmail.com