

**Auditors' Report**  
**To the Members of MAS Financial Services Limited**

1. We have audited the attached Balance Sheet of **MAS Financial Services Limited** as at March 31, 2009 and also the Profit and Loss Account and 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.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the Directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- f. In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2009;
  - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells  
Chartered Accountants

Ahmedabad  
15th July, 2009

(Gaurav J. Shah)  
Partner  
Membership No. 35701

### **Annexure to the Auditors' Report**

(Referred to in paragraph 3 of our report of even date)

1. (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) As explained to us, part of the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.  
  
(c) The Company has not disposed of a substantial part of its fixed assets during the year.
2. The Company being a Non Banking Financial Company has no inventory. Accordingly, the provisions of clauses 4(ii) (a), (b) & (c) of the Companies (Auditors Report) Order are not applicable to the Company.
3. (a) During the year, the Company has granted unsecured loans to its subsidiary company. In respect of the said loans, the maximum amount involved during the year was Rs. 13.01 lacs and the year-end balance was Rs. Nil.  
  
(b) As informed to us, the aforesaid loans were interest free and according to the information and explanations given to us, other terms and conditions are not, in our opinion, prima facie, prejudicial to the interest of the Company.  
  
(c) The aforesaid loans being repayable on demand, no repayment schedules have been stipulated.  
  
(d) As the aforesaid loans have been repaid during the year, the question of overdue amounts does not arise.  
  
(e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there exists 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 with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.

5. In respect of the contracts or arrangements referred to in section 301 of the Companies Act, 1956:
  - (a) To the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangements that needed to be entered into the register have been so entered.
  - (b) In our opinion, and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. 5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. The Company has appointed a firm of Chartered Accountants for carrying out internal audit. On the basis of the reports made by them to the management and broadly reviewed by us, in our opinion, the internal audit system is commensurate with the size of the Company and the nature of its business.
8. 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.
9.
  - (a) According to the information and explanations given to us, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were outstanding, as at March 31, 2009 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.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the

Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

12. 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.
13. The Company is not a Chit fund, nidhi, mutual benefit fund or a society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures or any other investments.
15. The Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. 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.
19. On the basis of our examination of the books of account and documents and according to the information and explanations given to us, the Company has created security or charge in respect of debentures issued and outstanding at the year end.
20. The Company has not raised any monies by way of public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells  
Chartered Accountants

Ahmedabad  
15th July, 2009

(Gaurav J. Shah)  
Partner  
Membership No. 35701

**MAS FINANCIAL SERVICES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2009**

	Schedule	Rupees	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	A	994,710,900		160,000,000
Reserves & Surplus	B	120,959,344		117,739,855
			1,115,670,244	277,739,855
Deferred Subsidy	C		1,074,015	1,481,233
<b>Loan Funds</b>				
Secured Loans	D	1,356,443,059		1,358,305,261
Unsecured Loans	E	128,291,713		276,458,813
			1,484,734,772	1,634,764,074
Deferred Tax Liability (Refer Note No.17 of Schedule P)			1,269,137	3,493,661
			<u>2,602,748,168</u>	<u>1,917,478,823</u>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	F	80,538,262		65,461,020
Less : Depreciation		28,177,787		22,492,105
Net Block		52,360,475		42,968,915
Capital Work in Progress		-		4,308,659
			52,360,475	47,277,574
<b>Investments</b>				
	G		90,934,327	21,089,635
<b>Current Assets, Loans &amp; Advances</b>				
Sundry Debtors	H	126,472,116		104,414,426
Cash and Bank Balances		476,642,778		263,975,771
Other Current Assets		12,726,840		11,693,610
Loans and Advances		1,948,768,420		1,516,188,082
			2,564,610,154	1,896,271,889
Less :				
<b>Current Liabilities &amp; Provisions</b>				
Current Liabilities	I	34,750,135		29,513,604
Provisions		70,406,653		19,922,671
			105,156,788	49,436,275
Net Current Assets			2,459,453,366	1,846,835,614
Miscellaneous Expenditure (To the extent not written off or adjusted)	J		-	2,276,000
			<u>2,602,748,168</u>	<u>1,917,478,823</u>
Significant Accounting Policies and Notes on Accounts	P			

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

As per our report of even date attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells  
Chartered Accountants

Gaurav J. Shah  
(Partner)  
Membership No. 35701

KAMLESH C. GANDHI  
(CHAIRMAN & MANAGING DIRECTOR)

MUKESH C. GANDHI  
(WHOLE TIME DIRECTOR)

Place : Ahmedabad  
Date :

Place : Ahmedabad  
Date : 15th July'2009.

**MAS FINANCIAL SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Schedule	Year ended 31st March 2009 Rupees	Year ended 31st March 2008 Rupees
<b>INCOME</b>			
Interest on loans to Customers (Net) (Refer Note No. 10 of Schedule P)		421,919,254	422,603,013
Income from Operations	K	52,945,365	46,958,270
Other Income	L	26,562,124	24,589,042
		<b>501,426,743</b>	<b>494,150,325</b>
<b>EXPENDITURE</b>			
Personnel Expenses	M	41,142,917	32,208,324
Administrative & Other Expenses	N	173,170,635	157,753,917
Interest, Finance & Bank Charges	O	171,286,238	174,038,960
Depreciation		5,908,666	4,906,354
		<b>391,508,456</b>	<b>368,907,555</b>
Profit Before Taxation		109,918,287	125,242,770
<b>PROVISION FOR TAXATION :</b>			
-Current Tax		35,900,000	43,500,000
-Deferred Tax		(1,809,489)	131,230
-Fringe Benefit Tax		1,325,000	1,120,000
Profit After Tax		74,502,776	80,491,540
Short provision for taxation of earlier years		2,035,865	422,706
<b>Net Profit</b>		72,466,911	80,068,834
Balance Brought Forward		43,264,920	47,050,793
Profit available for appropriation		<b>115,731,831</b>	<b>127,119,627</b>
<b>APPROPRIATIONS</b>			
Reserve u/s. 45-IC of RBI Act, 1934		14,900,555	16,098,308
Proposed Dividend on Preference Shares		52,424,985	6,825,000
Proposed Dividend on Equity Shares		5,700,000	9,837,773
Corporate Dividend Tax		9,878,341	2,831,838
Transfer to General Reserve		-	2,012,289
Transfer to Capital Redemption Reserve		16,249,500	16,249,500
Balance carried to Balance Sheet		16,578,450	73,264,919
		<b>115,731,831</b>	<b>127,119,627</b>
Earnings Per Share (Refer Note No. 23 of Schedule P) (Face value of Rs.10)			
Basic		1.17	8.01
Diluted		1.15	7.88
Significant Accounting Policies and Notes on Accounts	P		

The Schedules referred to above and attached notes form an integral part of the Profit & Loss Account.

As per our report of even date attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells  
Chartered Accountants

Gaurav J. Shah  
(Partner)  
Membership No. 35701

KAMLESH C. GANDHI  
(CHAIRMAN & MANAGING DIRECTOR)

MUKESH C. GANDHI  
(WHOLE TIME DIRECTOR)

Place : Ahmedabad  
Date :

Place : Ahmedabad  
Date : 15th July'2009.

**MAS FINANCIAL SERVICES LIMITED**

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH 2009**

	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b> ;		
<b>AUTHORISED :</b>		
15,500,000 (Previous Year 1,15,00,000) Equity Shares of Rs. 10/- each.	155,000,000	115,000,000
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 (Previous Year Nil) 7% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- each.	440,000,000	-
	<b>1,060,000,000</b>	<b>580,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP :</b>		
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. 6 of Schedule P)	65,000,000	65,000,000
40,000,000 (Previous Year Nil) 8% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up (Refer Note No. 7 of Schedule P)	400,000,000	-
43,471,090 (Previous Year Nil) 7% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- each (Refer Note No. 8 of Schedule P)	434,710,900	-
	<b>994,710,900</b>	<b>160,000,000</b>
<b>Notes:-</b>		
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. 6(b) and 7(c) of Schedule P.		

**MAS FINANCIAL SERVICES LIMITED**

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH 2009**

	Rupees	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
<b>SCHEDULE - B</b>			
<b>RESERVES AND SURPLUS</b>			
1. Reserve u/s. 45-IC of RBI Act, 1934 :			
Opening Balance	41,932,259		25,833,951
Add : Transferred from Profit & Loss Account	14,900,555		16,098,308
		56,832,814	41,932,259
2. General Reserve			
Opening Balance	5,459,844		3,447,555
Less: Adjustment on account of adoption of Accounting Standard 15 (revised) on 'Employee Benefits' [net of deferred tax credit of Rs. 415,035 (Previous Year: Rs. Nil)] [Refer Note No.19 of Schedule P]	1,244,097		-
Add : Transfer during the year	-	4,215,747	2,012,289
			5,459,844
3. Capital Redemption Reserve			
Opening Balance	27,082,833		10,833,333
Add : Transfer during the year*	16,249,500		16,249,500
		43,332,333	27,082,833
4. Balance in Profit & Loss Account			
Balance Carried forward from Profit & Loss Account	16,578,450		73,264,919
Less : Utilised for issue of Bonus Shares	-		30,000,000
		16,578,450	43,264,919
		120,959,344	117,739,855
* 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.			
<b>SCHEDULE - C</b>			
<b>DEFERRED SUBSIDY</b>			
Balance as per last Balance Sheet	1,481,233		557,395
Add : Accounted during the year	-		1,098,360
	1,481,233		1,655,755
Less :Reversed during the year on short receipt	177,543		-
Less :Recouped during the year (Refer Para 1.G of Schedule P)	229,675		174,522
		1,074,015	1,481,233

**MAS FINANCIAL SERVICES LIMITED****SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH 2009**

	<b>As at 31st March 2009 Rupees</b>	<b>As at 31st March 2008 Rupees</b>
<b>SCHEDULE - D</b>		
<b>SECURED LOANS</b>		
Non Convertible Debentures (Refer Note No.11 of Schedule P)	970,000	26,691,200
Working Capital Loans from banks	262,227,502	321,927,505
Term Loans :		
From Banks (Amount due within one year Rs. 533,059,667, Previous year Rs. 552,542,507)	964,858,213	942,400,720
From a Financial Institution (Amount due within one year Rs. 33,220,000, Previous year Rs. 13,553,700)	84,558,000	23,111,700
From Others (Amount due within one year Rs. 35,000,000, Previous year Rs. NIL)	35,000,000	35,000,000
Vehicle Loans from Banks (Amount due within one year Rs. 1,213,553 Previous year Rs. 1,293,548)	1,676,610	2,970,158
Interest Accrued and Due on above	7,152,734	6,203,978
	<b>1,356,443,059</b>	<b>1,358,305,261</b>
<b>NOTES :</b>		
1 Non Convertible Debentures are secured by first charge and legal mortgage in English Form of Shop No. B/7 at Narayan chamber, Ahmedabad and Shop No.6, 2nd floor, Aavishkar Complex, Nr.Motipura Bus Stand, Motipura, Himmatnagar, Dist.Sabarkantha and second charge on movables, stock on hire, receivables, advances under loan cum hypothecation agreements and assets rented out pursuant to Lease Agreements and Hire-Purchase Agreements.		
2 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.		

<p>3 Term Loans from banks Rs. 959,625,621 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. 5,203,208 are secured by hypothecation of all furniture and fixtures stored at fourth floor, Narayan Chambers, Ashram Road, Ahmedabad and 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.</p> <p>4 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.</p> <p>5 Term Loan from Others is secured by a second charge by way of hypothecation over the Company's assets in the form of book debts both present and future.</p> <p>6 Vehicle Loans from Banks are secured by hypothecation of the vehicles financed.</p>		
<p><b>SCHEDULE - E</b></p> <p><b>UNSECURED LOANS</b></p> <p>Inter Corporate Deposits</p> <p>Security Deposits</p> <p>Short Term Loan from a Bank</p> <p>Other Loans</p> <p>    From Bank</p> <p>    From a Company</p> <p>(Amount due within one year Rs.43,619,439; Previous Year Rs. 177,486,549)</p>	<p>1,430,000</p> <p>9,295,020</p> <p>55,000,000</p> <p>27,304,630</p> <p>35,262,063</p> <hr/> <p>128,291,713</p> <hr/>	<p>2,430,000</p> <p>33,975,571</p> <p>-</p> <p>190,053,242</p> <p>50,000,000</p> <hr/> <p>276,458,813</p> <hr/>

**MAS FINANCIAL SERVICES LIMITED**

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH 2009**

**SCHEDULE - F**

**FIXED ASSETS**

DESCRIPTION OF ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK		
	AS AT 01-04-08	ADDITIONS	DEDUCTIONS	AS AT 31-03-09	AS AT 01-04-08	FOR THE YEAR	ON DEDUCTIONS	AS AT 31-03-09	AS AT 31-03-09	AS AT 31-03-08
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
Office Building*	20,668,142	2,159,772	-	22,827,914	1,641,827	364,958	-	2,006,785	20,821,129	19,026,315
Office Equipments	25,480,675	7,573,905	258,815	32,795,765	15,368,988	3,840,262	222,984	18,986,266	13,809,499	10,111,687
Furniture & Fixtures	12,619,232	5,602,380	-	18,221,612	3,535,238	1,132,885	-	4,668,123	13,553,489	9,083,994
Vehicles	6,692,971	-	-	6,692,971	1,946,052	570,561	-	2,516,613	4,176,358	4,746,919
Total :	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	42,968,915
Previous Year	54,911,408	14,996,948	4,447,336	65,461,020	18,253,747	4,906,354	667,996	22,492,105	42,968,915	

**Note :**

Gross Block of building includes Rs.14,18,582 (Previous Year: Rs. 14,18,582 ) 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 2009**

**SCHEDULE - G  
INVESTMENTS :**

	Face Value Per Share/ Bond Rupees	As at 31st March,2009		As at 31st March, 2008	
		No. of Shares/ Bonds	Rupees	No. of Shares/ Bonds	Rupees
<b>LONG TERM INVESTMENTS (AT COST) :</b>					
<b>(A) NON-TRADE:</b>					
<b>QUOTED</b>					
<b>In Government Securities:</b>					
11.5% GOI BOND 2008	164,000		-		155,308
11.5% GOI BOND 2015	795,000		761,213		761,213
<b>In Bonds</b>					
11.5% IDBI BOND 2009	100,000	1	103,198	1	103,198
<b>In Equity Shares (Fully Paid Up):</b>					
Apple Finance Ltd.	10	100	2,150	100	2,150
Athena Finance Ltd.	10	1	7	1	7
Centurion Bank of Punjab Ltd. *	1	-	-	100	2,469
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	435
ICICI Bank Ltd	10	3	4,560	3	4,560
IndusInd Bank Ltd.	10	102	4,590	102	4,590
Kotak Mahindra Bank Ltd.	10	125	1,950	125	1,950
Reliance Capital Ltd.	10	1	77	1	77
HDFC Ltd.	10	1	-	-	-
			109,632		109,632
Less : Provision for diminution			46,641		46,641
			<u>62,991</u>		<u>62,991</u>
* Merged into HDFC Bank Ltd.					
<b>UNQUOTED</b>					
<b>In Equity Shares (Fully Paid Up):</b>					
Cosmos Co-operative Bank Ltd.	25	277	6,925	277	6,925
<b>(B) TRADE:</b>					
<b>In Subsidiary Company (Unquoted)</b>					
Fully paid up Equity Shares of Mas Rural Housing & Mortgage Finance Ltd.	10	9000000	90,000,000	2000000	20,000,000
<b>Total Long Term Investments</b>					
			<u>90,934,327</u>		<u>21,089,635</u>
<b>NOTES :</b>					
1 Aggregate value of Quoted Investments:					
Cost			974,043		1,129,351
Market Value			1,214,452		1,282,309
2 Aggregate value of Unquoted Investments					
Cost			90,006,925		20,006,925
3 For investments purchased and sold during the year refer Note No. 14 of Schedule P					

**MAS FINANCIAL SERVICES LIMITED**

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH 2009**

	Rupees	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
<b>SCHEDULE - H</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>CURRENT ASSETS:</b>			
<b>Sundry Debtors</b>			
(a) Debts outstanding for a period exceeding six months			
(1) Considered good	24,468,602		24,440,678
(2) Considered doubtful	4,206,475		3,886,370
	28,675,077		28,327,048
(b) Other debts considered good	102,003,514		79,973,748
	130,678,591		108,300,796
Less : Provision for Non-Performing Assets	4,206,475		3,886,370
		126,472,116	104,414,426
<b>Cash &amp; Bank Balances</b>			
Cash on Hand			
	1,385,760		2,920,307
Balances with Scheduled Banks:			
In Current/ Cash Credit Accounts	276,597,139		46,309,693
In Fixed Deposit Accounts			
Free of Lien	20,020,000		-
Under Lien*	178,639,879		214,729,647
(Includes deposits for assigned receivables Rs. 48,372,689 (Previous Year Rs.52,983,734))			
Balance with Non-Scheduled Bank:			
In Current Account with Bhagyodaya Co-op. Bank Ltd.	-		16,124
(Maximum balance outstanding at any time during the year Rs. 16,124 (Previous Year Rs. 16,124))			
		476,642,778	263,975,771
<b>Other Current Assets</b>			
Interest Accrued			
On Investments	44,063		44,927
Others	6,489,014		6,756,576
	6,533,077		6,801,503
Income Receivable	6,193,763		4,892,107
		12,726,840	11,693,610
<b>Total Current Assets</b>			
		615,841,734	380,083,807

**MAS FINANCIAL SERVICES LIMITED**

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH 2009**

	Rupees	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
<b>SCHEDULE - H</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES (Contd..)</b>			
<b>Loans and Advances (Considered Good)</b> (Unsecured except for vehicle loans) Loans and Advances to customers under Loan cum Hypothecation Agreements/Loan Agreements *	2,229,277,428		1,814,601,177
* Includes repossessed assets at estimated realisable value (Refer Note No.1.J of Schedule P)			
Less : Unmatured Interest Charges	304,149,996		315,272,731
		1,925,127,432	1,499,328,446
<b>Other Loans And Advances (Unsecured, Considered Good)</b> Advances recoverable in cash or in kind or for value to be received.*	8,681,121		14,030,351
Deposits	2,148,690		1,641,221
Deposits for assigned receivables (other than with Banks) Subsidiary Company** (Mas Rural Housing & Mortgage Finance Ltd.)	2,317,052		-
Others	9,538,654		-
Advance Income-Tax (net of provisions)	955,471		1,188,064
		23,640,988	16,859,636
<b>Total Loans and Advances</b>		<b>1,948,768,420</b>	<b>1,516,188,082</b>
<b>Total Current Assets, Loans and Advances</b>		<b>2,564,610,154</b>	<b>1,896,271,889</b>
*Includes due from a subsidiary company Rs. Nil (Previous Year: Rs Nil) (Maximum amount outstanding at any time during the year Rs. 1,301,000 (Previous Year Rs. 639,645))			
**Maximum amount outstanding at any time during the year Rs. 2,317,052; Previous Year Rs. Nil)			

**MAS FINANCIAL SERVICES LIMITED**

**SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH 2009**

	Rupees	As at 31st March 2009 Rupees	As at 31st March 2008 Rupees
<b>SCHEDULE - I</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
<b>CURRENT LIABILITIES :</b>			
Sundry Creditors			
Due to micro enterprises and small enterprises (Refer Note No. 24 of Schedule P)	-		-
Due to others	29,523,157		25,908,648
Advance Payments	1,788,952		51,040
Interest accrued but not due on loans	510,125		779,329
Unpaid interest on matured debentures *	116,639		164,075
Other Liabilities	2,811,262		2,610,512
		34,750,135	29,513,604
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.			
<b>PROVISIONS :</b>			
Employee Benefits	2,053,267		-
Proposed Dividend	58,124,985		16,662,773
Corporate Dividend Tax	9,878,341		2,831,838
Fringe Benefit Tax (Net of Advance-tax)	350,060		428,060
		70,406,653	19,922,671
		<u>105,156,788</u>	<u>49,436,275</u>
<b>SCHEDULE - J</b>			
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)			
<b>Expense for increasing Authorized Share Capital</b>			
Balance as per last Balance Sheet	2,276,000		768,000
Add : Incurred during the year	-		2,125,000
	2,276,000		2,893,000
Less : Written off during the year	2,276,000		617,000
		-	2,276,000
		-	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 2009**

	<b>Year ended 31st March 2009 Rupees</b>	<b>Year ended 31st March 2008 Rupees</b>
<b>SCHEDULE - K</b>		
<b>INCOME FROM OPERATIONS</b>		
Service Charges, Stamp & Document Charges etc. (Net)	52,945,365	46,958,270
	<u>52,945,365</u>	<u>46,958,270</u>
<b>SCHEDULE - L</b>		
<b>OTHER INCOME</b>		
Interest Received (Gross)		
On Government Securities	105,741	121,786
On Bank Deposits	17,495,603	18,796,370
(Tax Deducted at Source Rs. 3,656,058; Previous Year Rs. 3,801,298)		
On Others	79,881	68532
(Tax Deducted at Source Rs. 12,126; Previous Year Rs. Nil)		
Dividend Income	5,520,925	4
Profit on Redemption of Investments	119,708	12,021
Miscellaneous Income	3,240,266	5,590,329
	<u>26,562,124</u>	<u>24,589,042</u>

**MAS FINANCIAL SERVICES LIMITED**

**SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2009.**

		<b>Year ended 31st March 2009 Rupees</b>	<b>Year ended 31st March 2008 Rupees</b>
<b>SCHEDULE - M</b>			
<b>PERSONNEL EXPENSES</b>			
Salaries, Bonus & Allowances		38,734,781	30,567,557
Contribution to Provident Fund,ESI & Gratuity		1,671,681	1,224,137
Staff Welfare Expenses		736,455	416,630
		<b>41,142,917</b>	<b>32,208,324</b>
<b>SCHEDULE - N</b>			
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>			
Rent		7,213,091	6,514,765
Rates & Taxes		6,788,484	5,801,608
Stationery & Printing		5,546,430	5,463,196
Telephone		6,627,849	5,247,103
Electricity		2,252,789	1,501,318
Postage & Courier		2,363,382	2,699,620
Insurance		5,089,481	3,983,125
Conveyance		8,871,465	7,478,739
Travelling		5,143,798	5,347,515
Repairs & Maintenance:			
Building	521,594		296,716
Others	2,681,210		2,251,668
		3,202,804	2,548,384
Professional Fees		11,825,923	4,262,619
Audit Fees		600,000	300,000
Director's Sitting Fees		75,000	34,000
Legal Expenses		9,673,769	8,915,649
Commission		48,683,150	45,280,294
Advertisement & Sales Promotion		3,642,580	9,890,299
Donation		219,900	249,651
Miscellaneous Expenditure Written Off		2,276,000	617,000
Loss on Sale of Fixed Assets		22,831	386,305
Provision for Non Performing Assets		320,105	1,793,747
Bad Debts Written Off		26,250,859	18,557,864
Loss on Sale of Repossessed Assets		10,788,724	16,600,761
Miscellaneous Expenses		5,692,221	4,280,355
		<b>173,170,635</b>	<b>157,753,917</b>

**MAS FINANCIAL SERVICES LIMITED****SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED ON 31ST MARCH 2009**

		<b>Year ended 31st March 2009 Rupees</b>	<b>Year ended 31st March 2008 Rupees</b>
<b>SCHEDULE - O</b>			
<b>INTEREST, FINANCE &amp; BANK CHARGES</b>			
Interest:			
On Fixed Loans	126,161,327		128,638,049
On Debentures	1,747,800		3,838,821
On Others	27,222,086		18,956,284
		155,131,213	151,433,154
Bank Charges (Net)		15,493,265	22,605,806
Other Financial Expenses		661,760	-
		<u>171,286,238</u>	<u>174,038,960</u>

MAS FINANCIAL SERVICES LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	Year ended 31st March 2009 Rupees		Year ended 31st March 2008 Rupees	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax		109,918,287		125,242,770
Adjustment for :				
Depreciation	5,908,666		4,906,354	
Interest Paid	155,131,213		151,433,154	
Loss on Sale of Fixed Assets	22,831		386,305	
Provision for Non Performing Assets	320,105		1,793,747	
Bad Debts Written Off	26,250,859		18,557,864	
Loss on Sale of Repossessed Assets	10,788,724		16,600,761	
Sundry Balances Written Back	(2,886,026)		(5,112,291)	
(Profit) / Loss on Redemption of Bonds	(8,692)		-	
Miscellaneous Expenditure Written off	2,276,000		617,000	
Depreciation Recouped from Deferred Subsidy	(186,658)		(174,522)	
Interest Income	(17,681,225)		(18,986,688)	
Profit on Redemption/Sale of Mutual Funds	(111,016)		(12,021)	
Provision for Employee Benefits	394,135		-	
Dividend Income	(5,520,925)	174,697,991	(4)	170,009,659
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		284,616,278		295,252,429
Changes in Working Capital				
(Increase) / Decrease in Sundry Debtors	(22,377,795)		(46,974,717)	
(Increase) / Decrease in Loans & Advances	(462,682,619)		(1,086,140,588)	
(Increase) / Decrease in Other Receivables	(9,413,961)		3,762,317	
Increase / (Decrease) in Current Liabilities	8,235,033	(486,239,342)	11,928,187	(1,117,424,801)
<b>CASH GENERATED FROM OPERATIONS</b>		(201,623,064)		(822,172,372)
Interest Paid	(152,703,861)		(147,594,333)	
Income Tax Paid	(39,106,271)	(191,810,132)	(45,478,838)	(193,073,171)
<b>NET CASH USED IN OPERATING ACTIVITIES [A]</b>		(393,433,196)		(1,015,245,543)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(11,027,398)		(19,434,109)	
Sale of Fixed Assets	13,000		3,521,000	
Purchase of Investments	(70,000,000)		(20,000,000)	
Sale/Redemption of Investments	164,000		-	
Interest Income	17,950,429		30,187,507	
Profit on Redemption/Sale of Mutual Funds	111,016		12,021	
Dividend Income	5,520,925		4	
<b>NET CASH USED IN INVESTING ACTIVITIES [B]</b>		(57,268,028)		(5,713,577)

<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends Paid	(19,494,611)		(3,900,459)
Increase / (Decrease) in Working Capital Loans from Banks	(59,700,003)		271,624,125
Increase / (Decrease) in Term Loans & Deposits	(65,556,855)		855,478,539
Proceeds from issue of Preference Shares	834,710,900		-
Proceeds from issue of Equity Shares	-		5,000,000
Repayment of Debentures	(25,721,200)		(22,102,480)
Subsidy Received	877,800		-
Miscellaneous Expenditure	-		(2,125,000)
Interest on Debentures	(1,747,800)		(3,838,821)
<b>NET CASH FROM FINANCING ACTIVITIES [C]</b>		<b>663,368,231</b>	<b>1,100,135,904</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>212,667,007</b>	<b>79,176,784</b>
Cash and Cash Equivalents at the beginning of the year		263,975,771	184,798,987
Cash and Cash Equivalents at the end of the year		476,642,778	263,975,771

**Notes:**

1. Cash and cash equivalents include amount not available for immediate use :

Fixed Deposit in lien with Banks

178,639,879

214,729,647

2. The above cashflow 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.

As per our report of even date attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells  
Chartered Accountants

Gaurav J. Shah  
(Partner)  
Membership No. 35701

KAMLESH C. GANDHI  
(CHAIRMAN & MANAGING DIRECTOR)

MUKESH C. GANDHI  
(WHOLE TIME DIRECTOR)

Place : Ahmedabad  
Date :

Place : Ahmedabad  
Date : 15th July'2009.

# SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

## 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 :

- i. 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
- ii. 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**

- (i) The Company follows the 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.
- (ii) Other income is mainly accounted on accrual basis, except in case of significant uncertainties.

# SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

## SCHEDULE - P

### **Income from Loans:**

- (iii) 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**

- (iv) 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**

- (v) Dividend from investments is accounted for as income when the right to receive dividend is established.
- (vi) 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.

## **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 Securitisation and Microfinance arrangement with other financiers are provided in books as per past track record of delinquency/servicing of the loans of the company.

# SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

## SCHEDULE - P

### M. TAXATION

Income tax expense for the year comprises of current tax, deferred tax charge or credit and charge on account of fringe benefit tax.

Provision for 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.

Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of "Fringe Benefit" as defined under the Income Tax Act, 1961.

### 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.

### O. MISCELLANEOUS EXPENDITURE

With effect from the current year, expenses for increase in authorized share capital are charged to profit and loss account in the year of incurrence.

#### 2. **Capital Commitments:**

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided for - Rs. NIL (Previous Year: Rs. 18,50,000)

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. 162.61 lacs has not been provided for in the profit and loss account for the year.
4. Loans and advances to customers under loan cum hypothecation agreements, as shown under "Loans & Advances" in Schedule H and Security Deposits from Customers as shown under "Security Deposits" in Schedule E of the financial statements are as per the financial accounting system maintained by the Company. The financial accounting system shows the aggregate of loans and advances and security deposits, and does not facilitate the segregation and listing of all customer accounts. Under the circumstances, necessary accounting entries, if required to be passed, will be passed on the ascertainment and reconciliation of the amount of the differences, if any, between the general ledger and subsidiary ledger accounts.
5. The Company has made adequate provision for non-performing assets identified, in accordance with the Guidelines issued by the Reserve Bank of India.

## SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

### SCHEDULE - P

6. (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 SBAR 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.
- (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.
7. (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 15<sup>th</sup> 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.
8. (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 4,34,71,090 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 31<sup>st</sup> 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.

## SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

### SCHEDULE - P

9. During the year the Company has assigned loan receivables, on the basis of recourse to the Company, amounting to Rs. 42,07,10,800 (Previous Year Rs. 38,00,08,346) and derecognized the asset from the books
10. Interest income from loans to customers includes Rs. 1,21,94,539 (Previous Year Rs. 97,93,974) being share of interest income received from HDFC Bank Ltd. for three wheeler business syndicated by the company.
11. Non Convertible Debentures comprises of :
  - a) Nil (Previous Year 6539) A-series – 10.5% privately placed secured redeemable non convertible debentures of Rs.1000 each fully paid up, to be redeemed in 5 installments by 20% principal repayment each after 36,42,48,54 and 60 months from the date of allotment i.e. 31-03-2004. Amount outstanding as at 31-03-2009 is Rs. Nil (Previous Year Rs.27,49,600)
  - b) Nil (Previous Year 4758) B- Series – 7% privately placed secured redeemable non convertible debentures of Rs.1000 each fully paid up, to be redeemed in 5 installments by 20% principal repayment each after 36,42,48,54 and 60 months from the date of allotment i.e. 31-03-2004 with an option to the Company to redeem the entire amount after the expiry of 12 months and any time between the maximum repayment period of 60 months from the date of allotment. Amount outstanding as at 31-03-2009 is Rs. NIL (Previous Year Rs. 22,32,800)
  - c) Nil (Previous Year 3037) C-Series – 7% privately placed secured redeemable non-convertible debentures of Rs 1000 each fully paid up, to be redeemed by 48 monthly installments from the date of allotment i.e. 31-03-2004. Amount outstanding as at 31-03-2009 is Rs. NIL (Previous Year Rs. 2,27,000)
  - d) Nil (Previous Year 5110) D-Series - 7% privately placed secured redeemable non convertible debentures of Rs. 1000 each fully paid up, to be redeemed in 3 installments of 30%, 30% and 40% principal repayment payable after 36, 48 & 60 months from the date of allotment i.e. 31-03-2004 with an option to the company to redeem the entire amount after the expiry of 12 months and any time between the maximum repayment period of 60 months from the date of allotment. Amount outstanding as at 31-03-2009 is Rs. NIL (Previous Year Rs. 20,44,000)
  - e) 4850 (Previous Year 5315) A-Series (II) - 7% privately placed secured redeemable non convertible debentures of Rs. 1000 each fully paid up, to be redeemed in 5 installments by 20% principal repayment each after 36,42,48,54 and 60 months from the date of allotment i.e. 31-03-2005. Amount outstanding as at 31-03-2009 is Rs.9,70,000 (Previous Year Rs. 31,89,000)
  - f) Nil (Previous Year 1221) B-Series (II) - 7% privately placed secured redeemable non convertible debentures of Rs. 1000 each fully paid up, to be redeemed in 48 equal monthly installments from the date of allotment i.e. 31-03-2005. Amount outstanding as at 31-03-2009 is Rs. NIL (Previous Year Rs. 3,85,800)
  - g) Nil (Previous Year 14990) "A" Series (III) –11% privately placed secured redeemable non convertible debentures of Rs.1000 each fully paid up, to be redeemed in 36 months from the date of allotment i.e. 31-03-2006. Amount outstanding as at 31-03-2009 is Rs. NIL (Previous Year Rs. 1,49,90,000)
  - h) Nil (Previous Year 603) "B" Series (III) –7% privately placed secured redeemable non convertible debentures of Rs.1000 each fully paid up, to be redeemed in 36 months from the date of allotment i.e. 31-03-2006. Amount outstanding as at 31-03-2009 is Rs. NIL (Previous Year Rs. 6,03,000)
  - i) Nil (Previous Year 270) "C" Series (III) –11% privately placed secured redeemable non convertible debentures of Rs.1000 each fully paid up, to be redeemed in 36 months from the date of allotment i.e. 31-03-2006. Amount outstanding as at 31-03-2009 is Rs. NIL (Previous Year Rs. 2,70,000)

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

**SCHEDULE - P**

12. No amount has been credited to Debenture Redemption Reserve as, the Company being a Registered NBFC, no Debenture Redemption Reserve is required to be created in the case of privately placed debentures as per DCA Circular No. 9/2002 dated 18/04/2002.
13. Loans and advances include loans and advances for which hypothecation agreements have been entered into with the borrower. As the market value of assets hypothecated is not ascertained, the loans and advances are shown as partly secured.
14. Following Investments were Purchased and Redeemed during the year :

**Units of Mutual Funds:**

<b>Name of the Fund</b>	<b>Units Purchased and Redeemed (Nos.)</b>	<b>Cost of Acquisition (Rs.)</b>
<b>Year ended 31<sup>st</sup> March, 2009</b>		
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
TA TA Floater Fund-Daily Dividend	11,064,129	110,394,134
TA TA 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
<b>Year ended 31<sup>st</sup> March, 2008</b>		
DSP Merrill Lynch Liquid Fund	5,998	6,000,000
Ing Vysya Mutual Fund	278,105	3,000,000

**15. Managerial Remuneration**

<b>Particulars</b>	<b>Year ended 31<sup>st</sup> March, 2009 Rs.</b>	<b>Year ended 31<sup>st</sup> March, 2008 Rs.</b>
Remuneration to Managing and Whole time Directors :		
Salary, Bonus and Allowances	70,69,512	49,96,705
Contribution to Provident Fund	18,720	18,720
Perquisites	1,39,318	1,39,935
<b>Total</b>	<b>72,27,550</b>	<b>51,55,360</b>

**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 31<sup>ST</sup> MARCH, 2009**

**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

16. Payments to Auditors for other services (inclusive of service tax):

Particulars	2008-09 (Rs.)	2007-08 (Rs.)
Tax Audit	-	75,000
Other Services	1,12,360	1,37,078
<b>Total</b>	<b>1,12,360</b>	<b>2,12,078</b>

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

Sr. No.	Particulars	Deferred Tax Asset / (Deferred Tax Liability)	
		As at 31 <sup>st</sup> March 2009.	As at 31 <sup>st</sup> March 2008
	<b>Deferred Tax Liabilities</b>		
1	Difference between book depreciation and depreciation under Income-tax Act, 1961	(43,87,576)	(41,03,356)
	<b>Deferred Tax Assets</b>		
1	Provision for non-performing assets	14,29,781	6,09,695
2	Provision for Gratuity	4,72,156	
3	Expenses eligible for deduction under section 35D of the Income-tax Act, 1961	12,16,502	
	<b>Net Deferred Tax Liability</b>	<b>(12,69,137)</b>	<b>(34,93,661)</b>

18. Disclosure for operating leases under Accounting Standard 19 – “Accounting for Leases” prescribed by Companies (Accounting Standards) Rules, 2006

The Company has entered into lease & license agreements for taking office premises along with furniture & fixtures as applicable and godown premises on rental basis for a period ranging from 11 to 48 months. The specified disclosure in respect of these agreements is given below:

		Year Ended 31-03-2009	Year Ended 31-03-2008
(1)	Lease payments recognised in the Profit and Loss account	7,212,180	64,92,565
(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	38,20,825	26,11,409
	ii. Later than one year but not later than 5 years	952,620	3,67,072
	iii. Later than 5 years	NIL	NIL

19. Hitherto the Company was recognising the provision for the employee retirement benefits as per the Accounting Standard 15 “Accounting for Retirement Benefits”. With effect from 1<sup>st</sup> April, 2008, the Company has adopted Accounting Standard 15 (Revised 2005) - “Employee Benefits”. Accordingly, the Company has made a provision for defined employee benefit plans aggregating Rs. 20,53,267. Further in accordance with the transitional provision in the revised Accounting Standard, Rs. 12,44,097 (net of deferred tax credit of Rs. 4,15,035) has been adjusted to the General Reserves. This change does not have a material impact on the profit for the current year.

20. **Employee Benefits**

The 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:

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup>MARCH, 2009**

**SCHEDULE - P**

	Year ended 31 <sup>st</sup> March 2009 Rs.
<b>A Net liability recognised in the Balance Sheet as at 31<sup>st</sup> March, 2009</b>	
Present value of funded obligation	14,57,952.00
Fair value of plan assets	14,57,952.00
Present value of unfunded obligation	13,89,103.00
Net liability	13,89,103.00
<b>B Expense recognised in the profit and loss account for the year</b>	
Current service cost	3,11,962.00
Interest on obligation	1,74,748.00
Expected return on plan assets	(1,13,994.00)
Net actuarial losses (gains) recognised in the year	98,904.00
Total included in employee benefit expense	4,71,620.00
Actual return on Plan assets	1,08,570.00
<b>C Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:</b>	
Opening defined benefit obligation	22,96,288.00
Service Cost	3,11,962.00
Interest Cost	1,74,748.00
Actuarial losses /(gains)	93,480.00
Benefits paid	(29,423.00)
Closing defined benefit obligation	28,47,055.00
<b>D Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof:</b>	
Opening fair value of plan assets	10,75,239.00
Expected return	1,13,994.00
Actuarial gains / (losses)	(5,424.00)
Contributions by Employer	3,03,566.00
Benefits paid	(29,423.00)
Closing balance of fair value of plan assets	14,57,952.00
<b>E Major categories of plan assets as a percentage of total plan assets:</b>	
Qualifying insurance policy with LIC	100.00%
<b>F Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):</b>	
Discount rate	7.61%

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

**SCHEDULE - P**

Expected return on plan assets	9.00%
Proportion of employees opting for early retirement	-
Annual increase in salary costs*	5.00%
<b>Notes:</b>	
1	As this is the first year of implementation of AS 15 (revised), the corresponding figures for the previous year have not been furnished.
2	* 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.
3	<b>Year ended 31<sup>st</sup> March, 2009</b>
	<b>Rs.</b>
Amount recognized as an expense and included in Schedule M of Profit & Loss Account	11,76,458

**21. 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

**22. 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 <sup>st</sup> March 2009 Rs.	Year ended 31 <sup>st</sup> March 2008 Rs.
1	<b>Assignment of loan receivables:</b>		
	MAS Rural Housing & Mortgage Finance Ltd.	2,62,36,846	Nil
2	<b>Interest Income:</b>		
	MAS Rural Housing & Mortgage Finance Ltd.	2,283	Nil
3	<b>Expenses:</b>		
	MAS Rural Housing & Mortgage Finance Ltd.:		
	Interest / Discounting Charges	30,89,159	Nil
	Processing Fees	57,869	Nil
4	<b>Deposit given:</b>		
	MAS Rural Housing & Mortgage Finance Ltd.	23,14,769	Nil
5	<b>Advances given:</b>		
	MAS Rural Housing & Mortgage Finance Ltd.	32,95,237	6,39,645
6	<b>Advances repaid:</b>		
	MAS Rural Housing & Mortgage Finance Ltd.	32,95,237	6,39,645
7	<b>Investment in Equity Shares during the year :</b>		
	MAS Rural Housing & Mortgage Finance Ltd.	7,00,00,000	2,00,00,000

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup>MARCH, 2009**

**SCHEDULE - P**

8	<b>Remuneration paid:</b>		
	Mr. Kamlesh C. Gandhi	36,49,540	25,40,181
	Mr. Mukesh C. Gandhi	35,78,010	26,15,179
9	<b>Outstanding receivables</b>		
	MAS Rural Housing & Mortgage Finance Ltd. - Deposit	23,17,052	Nil

23. **Earnings Per Share (EPS)**

Particulars	Year ended 31 <sup>st</sup> March 2009	Year ended 31 <sup>st</sup> March 2008
<b>(A) Basic</b>		
<b>Computation of Profit (Numerator)</b>		
Net Profit for the year	7,24,66,911	8,00,68,834
Less: Preference dividend including tax thereon.	6,13,34,611	79,84,909
Net Profit for the year attributable to Equity Shareholders	1,11,32,300	7,20,83,925
<b>Computation of Weighted Average Number of Shares (Denominator)</b>	<b>Nos.</b>	<b>Nos.</b>
Number of shares outstanding at the beginning of the year	95,00,000	95,00,000
Weighted average number of Equity Shares of Rs. 10 each used for calculation of basic Earning per Share	95,00,000	90,01,370
Basic Earning per Share of face value of Rs. 10 each (in Rs.)	1.17	8.01
<b>(B) Diluted</b>		
<b>Computation of Profit (Numerator)</b>		
Net Profit attributable to Equity Shareholder's as above	1,11,32,300	7,20,83,925
<b>Computation of Weighted Average Number of Shares (Denominator)</b>	<b>Nos.</b>	<b>Nos.</b>
Weighted average number of Equity Shares as above	95,00,000	90,01,370
Add: Weighted average number of Equity Shares deemed to be allotted upon the conversion of options	1,50,000	1,50,000
Total weighted average number of Shares used for calculating diluted Earning per Share.	96,50,000	91,51,370
Diluted Earning per Share of face value of Rs. 10 each (in Rs.)	1.15	7.88

**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.

24. 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.

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

**SCHEDULE - P**

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

<b>Particulars</b>		<b>(Rs. In Lakhs)</b>	
		<b>Year ended 31<sup>st</sup> March 2009</b>	
<b><u>Liabilities side :</u></b>			
(1)	Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but not paid	Amount Outstanding	Amount Overdue
	(a) Debentures : Secured	9.70	NIL
	: Unsecured (other than falling within the meaning of Public deposits*)	NIL	NIL
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	10932.45	NIL
	(d) Inter-corporate loans and borrowing	14.30	NIL
	(e) Commercial Paper	NIL	NIL
	(f) Other Loans :		
	From Banks	3445.32	NIL
	From a Company	352.62	NIL
	Security Deposits	92.95	NIL
*Please see note 1 Below			
<b><u>Assets side:</u></b>			
		<b>Amount Outstanding</b>	
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]		
	(a) Secured	NIL	
	(b) Unsecured (including vehicle loans that are secured but amount of which is not separately ascertained)	20,516.00	
(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)	<b>Break-up of investments :</b>		
	<b><u>Current investments :</u></b>		
	1. <b><u>Quoted :</u></b>		
	(i) Shares :		
	(a) Equity	NIL	
	(b) Preference	NIL	
	(ii) Debentures and Bonds	NIL	
	(iii) Units of mutual funds	NIL	

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

**SCHEDULE - P**

(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	Nil	20,516.00*	20,516.00
<b>Total</b>	Nil	20,516.00	20,516.00

\* 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) :  
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

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

**SCHEDULE - P**

(b) Companies in the same group	NIL	NIL
[c] Other related parties	NIL	NIL
2. Other than related parties **	12.21	9.34
<b>Total</b>	<b>912.21</b>	<b>909.34</b>

\*\* 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	354.69
(ii) Net Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	312.62
(iii) Assets acquired in satisfaction of debt	707.18

**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.
26. 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 (%)	44.95	15.89
ii) CRAR – Tier I Capital (%)	25.75	11.85
iii) CRAR – Tier II Capital (%)	19.20	4.04

**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)	Nil	Nil

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

**SCHEDULE - P**

	and construction, etc.). Exposure would also include non-fund based (NFB) limits;		
(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

**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
<b>Liabilities</b>									
Borrowings from banks	8.81	6.32	5.77	15.60	25.16	43.14	0.09	0.00	104.88
Market Borrowings	0.27	0.20	0.98	4.74	2.52	7.03	0.00	0.00	15.74
<b>Assets</b>									
Advances *	15.79	11.80	11.21	30.79	56.44	66.49	0.00	0.00	192.51
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.

27. 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.
28. Previous years figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

Signatures to Schedules A To P

As per our report of even date attached

For and on behalf of Board of Directors

For Deloitte Haskins & Sells  
Chartered Accountants

**KAMLESH C. GANDHI**  
(CHAIRMAN & MANAGING DIRECTOR)

(Gaurav J. Shah)  
Partner

**MUKESH C. GANDHI**  
(WHOLE TIME DIRECTOR)

Place: Ahmedabad.  
Date :

Place: Ahmedabad.  
Date : 15<sup>th</sup> July' 2009.

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

**SCHEDULE - P**

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

<b>I.</b>	<b>Registration details</b>		
	Registration No. :	26064	
	State Code :	04	
	Balance Sheet Date :	31 <sup>ST</sup> MARCH 2009	
<b>II.</b>	<b>Capital raised during the year</b>		<b>(Amount Rs. In Thousands)</b>
	Public Issue :		NIL
	Right Issue :		NIL
	Bonus Issue :		NIL
	Private Placement :	834711	
<b>III.</b>	<b>Position of Mobilisation and Deployment of Funds</b>		<b>(Amount Rs. In Thousands)</b>
	Total Liabilities :		2602748
	Total Assets :		2602748
	<b>Sources of Funds</b>		
	Paid-Up Capital :		994711
	Reserve & Surplus :		120959
	Secured Loans :		1356443
	Unsecured Loans :		128292
	Deferred Tax Liability :		1269
	<b>Application of Funds</b>		
	Net Fixed Assets :		52360
	Investments :		90934
	Net Current Assets :		2459453
	Miscellaneous Expenditure :		NIL
	Accumulated Losses :		NIL
<b>IV.</b>	<b>Performance of the Company</b>		<b>(Amount Rs. In Thousands)</b>
	Total Income :		501427
	Total Expenditure :		391508
	Profit Before Tax :		109918
	Profit After Tax available to Equity Shareholder :		72467
	Earnings per share (Rs.) :		1.15
	Dividend Rate (%) on Equity Shares :		6.00%

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET  
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

**SCHEDULE - P**

V.

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

:

Item Code No.  
Product description

: Not Applicable  
: Loans under Loans cum  
Hypothecation Agreements.

Signatures to Schedules A To P

---

For and on behalf of Board of Directors

**KAMLESH C. GANDHI**  
(CHAIRMAN & MANAGING DIRECTOR)

**MUKESH C. GANDHI**  
(WHOLE TIME DIRECTOR)

Place: Ahmedabad.  
Date : 15<sup>th</sup> July' 2009.