



The Power of Distribution

17TH ANNUAL REPORT

2011-12

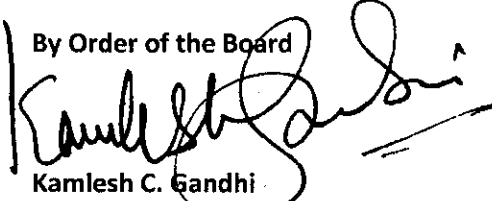
REGISTERED OFFICE
6, GROUND FLOOR, NARAYAN CHAMBERS,
B/H.PATANG HOTEL, ASHRAM ROAD,
AHMEDABAD – 380009.

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Members of **MAS Financial Services Limited** will be held at 4th Floor, Narayan Chambers, B/h. Patang Hotel, Ashram Road, Ahmedabad – 380 009 on Friday, 29th June, 2012 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To adopt and approve the Audited Balance Sheet as at 31st March, 2012 & Profit and Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Bala Bhaskaran who retires by rotation and being eligible offer himself for re-appointment.
3. To appoint a Director in place of Mr. Jagdish Joshipura who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint the Auditors and fix their remuneration.

By Order of the Board

Kamlesh C. Gandhi
(Chairman & Managing Director)

DATE : 30th May, 2012

PLACE : AHMEDABAD

NOTES:

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

DIRECTORS' REPORT

To,
The Members,
MAS FINANCIAL SERVICES LTD.
Ahmedabad

Your Directors are happy to present the SEVENTEENTH ANNUAL REPORT of your Company together with the Audited Accounts drawn for the year ended on 31st March 2012.

FINANCIAL RESULTS:

Particulars	Year Ended 31/03/12 RUPEES	Year Ended 31/03/11 RUPEES
Interest on Loans to Customers (Net)	909,544,099	785,785,435
Income From Operations & Other Income	149,589,183	130,300,825
Total Income	1,059,133,282	916,086,260
Total Expenditure	785,121,551	678,687,202
Profit Before Tax	274,011,731	237,399,058
Provision for Taxation (Including Deferred Tax, Fringe Benefit Tax & Income Tax of earlier Years)	90,743,202	80,160,000
Net Profit	183,268,529	157,239,058
Profit Brought Forward	34,683,852	16,850,058
Profit Available for Appropriation	217,952,381	174,089,116
<u>APPROPRIATIONS :</u>		
Transfer to Statutory Reserve	36,653,706	31,447,812
Interim Dividend	--	6,175,000
Proposed Dividend	84,929,763	75,017,263
Corporate Tax on Dividend	13,777,731	13,485,022
Transfer to General Reserve	18,326,853	7,862,000
Transfer to Capital Redemption Reserve	--	5,418,167
Surplus Balance carried to Balance Sheet	64,264,328	34,683,852

BUSINESS PERFORMANCE:

In the year 2011-12 the company continues to grow at an impressive rate of 34% in AUM and 17% in terms of PAT, evident from the financial presented above. The gross income realized by the company is ₹ 105.91 Crore (Previous year ₹ 91.61 Crore) comprising of Interest Income on Loans to customers. Net Profit after tax is ₹ 18.33 Crore (Previous year 15.72 Crore). Asset Under Management is ₹ 687.41 Crore (Previous year ₹ 511.84 Crore). This year's performance sets the stage for the further growth in AUM accompanied by increased geographical presence.

PROSPECTS AND DEVELOPMENTS:

The policy of the company to cater to the lower and the middle income segment continues to be the key driver of growth. Various products ranging from MSME (Micro, Small and Medium Enterprises) Loans to Home Loans (through its subsidiary MRHMFL) caters to the various needs of the vast section of the society. This is a very huge market to be served, which needs an efficient last mile delivery of credit, thus creating enormous opportunity for all the financial institutions and NBFCs in special.

In the current year introduction of machinery loans to the SME has shown lot of promise. We are committed to extend the most efficient financial services to this sector and are confident of creating a quality asset base in the years to come.

Partnering with regional NBFCs for distribution of various products and providing them the line of credit also remains one of the major business planks. We firmly believe that the players having proximity to the region are the most potential organizations in the last mile delivery of credit. We not only fund them but also share with them the domain expertise which the company possesses through its vintage of more than two decades. We are encouraged by the response of such NBFCs and are keen to forge very useful mutually beneficial relationships going forward.

The company has consolidated its operations in the region of Rajasthan, Maharashtra besides Gujarat. The company has started its operations in Madhya Pradesh - Indore and Tamilnadu – Chennai in the current financial year. The company expects a good volume of business from these regions.

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

MRHMFL (Mas Rural Housing & Mortgage Finance Ltd. – subsidiary of MFSL) aims at serving the middle income and the lower income sector of the economy, especially in the semi urban and rural areas, which are reckoned to be the key drivers of the sector in the coming decades. Full-fledged efforts are on to execute efficiently, as per the detail planning. Being aware of the challenges involved in serving this class of the society, a very cautious approach is adopted in building up volumes. Nevertheless, company is quite confident of building substantial volumes in the near future. The company's rural initiative will also start yielding results shortly.

RESOURCES:

The company has identified the potential investors. The infusion of required capital i.e. approx.. Rs.100cr. will be completed by September'2012. This infusion will enable the company to fuel its future growth plans. We are confident that the new investors besides contributing to the capital will also add value to realize our objectives.

The company by virtue of its performance over the years enjoys very good relationships with almost all leading financing institutions and banks. The company could raise the required resources from various banks and financial institutions comfortably. We anticipate the same response from all our lending partners for the coming year too. The company anticipates credit lines from few more banks and financial institutions besides the existing ones.

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

RISK MANAGEMENT

Financing activity is the business of management of risks, which in turn is the function of the appropriate credit models and the robust systems and operations. Your company continues to focus on the above two maxims, and is always eager to improve upon the same.

Your Company continues to give prime importance to the function of receivables management, as it considers this the ultimate reflection of the correctness of marketing strategy as well as appraisal techniques. In the Current year the recovery efficiency remains around 98% and it may be noted that the overdue accounts are under strictest surveillance of follow up. The NPA Accounts of the company is ₹ 5.47 Crore which is approximately 0.80% of Credit exposure which includes managed portfolio.

CAPITAL

The Net Owned Fund of the company as on 31st March 2012 is ₹ 124.07 Cr. inclusive of Rs. 10 Cr. Equity Share Capital.

DIVIDEND

Your Company has paid an Interim Dividend of 22.50 % in the year 2011-12. To preserve and maintain adequate amount of reserves for the better performance of the Company, the Board does not propose any final dividend for the year ended on 31st March, 2012.

STATUTORY COMPLIANCE:

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

INSURANCE:

The assets of your Company have been adequately insured.

LEGISLATIVE AND REGULATORY ISSUES

It has always been very challenging for the NBFC sector since long to get an enabling situation for growth. However, the sector has always emerged stronger, despite of various discriminations. This confirms the basic reality on the ground that, the last mile credit delivery provided by NBFCs is of paramount importance, to say the least. However, we trust and believe; that, all the stakeholders and regulators in particular will accord due importance to the sector and create an enabling situation for the NBFCs to grow, which in turn will promote inclusive growth.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts for the Financial Year ended 31st March, 2012 the applicable accounting standards have been followed.
2. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit for the period from 1st April, 2011 to 31st March, 2012.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The annual accounts for the financial year ended 31st March 2012 have been prepared on a "Going Concern Basis".

STATUTORY INFORMATION**Particulars of Employees**

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

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

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

AUDITORS:

M/s. Deloitte Haskins & Sell, auditors of the Company retire at the ensuing Annual General Meeting of the company and are eligible for reappointment. The members are requested to consider their reappointment for the financial year 2012-13.

DIRECTORS:

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

ACKNOWLEDGEMENT

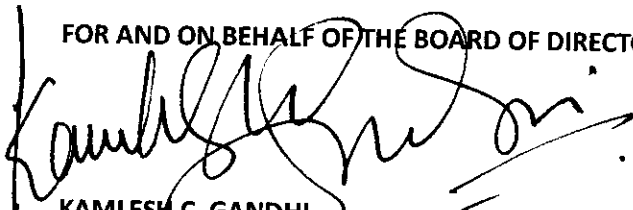
The Directors place on record their appreciation to all those people, who have so willingly placed their trust in the company & management and to more than 4lacs customers across the length and breadth of the states of Gujarat, Rajasthan and Maharashtra, who have given the company opportunity to serve them.

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

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

Best Wishes,

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



KAMLESH C. GANDHI.
(CHAIRMAN & MANAGING DIRECTOR)

Place : Ahmedabad.
Date : 30th May, 2012

AUDITORS' REPORT TO THE MEMBERS OF MAS FINANCIAL SERVICES LIMITED

1. We have audited the attached Balance Sheet of **MAS FINANCIAL SERVICES LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

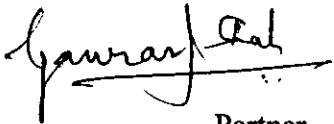
Diag

Deloitte Haskins & Sells

Deloitte Haskins & Sells
Chartered Accountants
'Heritage', 3rd Floor
Near Gujarat Vidhyapeeth
Off. Ashram Road
Ahmedabad - 380 011
Tel: +91 (079) 27582542
+91 (079) 27582543
+91 (079) 66073100
Fax: +91 (079) 27582551

- (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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


Partner
(Membership No.35701)

Ahmedabad, 30th May, 2012

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed of during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) The Company being a Non-Banking Financial Company has no inventory. Accordingly, the provisions of clauses 4(ii) (a), (b) & (c) of the Companies (Auditors Report) Order are not applicable to the Company.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) The transactions made in pursuance of such contracts or arrangements have not exceeded Rs.5 lakhs in respect of any party.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Section 58A of the Companies Act, 1956, and the Rules framed thereunder.

~~DR2~~

Deloitte Haskins & Sells

Deloitte Haskins & Sells,
Chartered Accountants
Heritage, 3rd Floor,
Near Durgam Chattri, 4th
Cross, Hyderabad-500 082
Andhra Pradesh - 500 015
Tel: +91 (079) 27582542
+91 (079) 27582543
+91 (079) 66073100
Fax: +91 (079) 27582551

- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) In respect of the activities of the Company, maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
 - (a) Except for certain instances of delay in payment of service tax, income-tax deducted at source and professional tax, the Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses as at 31st March, 2012 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, no loans have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a Chit fund, nidhi, mutual benefit fund or a society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures or any other investments.
- (xv) According to the information and explanations given to us, the Company has given guarantee for a loan taken by its subsidiary from a bank, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.

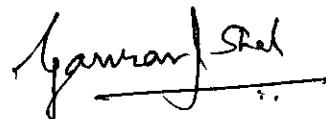
BSL

Deloitte Haskins & Sells

Deloitte Haskins & Sells
Chartered Accountants
Heritage, 3rd Floor
Near Gujarat Vidhyapeeth
100, Acharya Road,
Ahmedabad - 380 015
Tel: +91 (079) 27582542
+91 (079) 27582543
+91 (079) 66973106
Fax: +91 (079) 27582551

- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained other than temporary deployment pending application.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the year covered by our audit report, the Company had issued 360 debentures of Rs. 10,00,000 each. The Company has created security in respect of the debentures issued.
- (xx) The Company has not raised any monies by way of public issue during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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



Partner
(Membership No. 35701)

Ahmedabad, 30th May, 2012

MAS FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT 31ST MARCH 2012

	Notes	As at 31st March 2012 Rupees	As at 31st March 2011 Rupees
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	934,710,900	929,710,900
Reserves and surplus	4	306,022,478	226,461,443
		1,240,733,378	1,156,172,343
Non-current liabilities			
Deferred Subsidy	5	361,680	532,371
Long-term borrowings	6	780,860,799	654,968,542
Other Long-term Liabilities	7	221,972,920	75,061,892
Long-term provisions	8	2,110,075	3,585,902
		1,005,305,474	734,148,707
Current liabilities			
Short-term borrowings	9	2,271,360,716	1,027,048,048
Trade payables		15,078,632	6,658,400
Other current liabilities	10	1,236,988,106	1,767,272,838
Short-term provisions	11	117,545,850	102,138,436
		3,640,973,304	2,903,117,722
TOTAL		5,887,012,156	4,793,438,772
ASSETS			
Non-current assets			
Fixed assets	12		
Tangible assets		60,240,819	60,735,810
Intangible assets		907,029	1,084,376
Non-current investments	13	108,331,128	90,831,129
Deferred tax assets (net)	14	1,314,395	1,673,272
Long-term loans and advances	15	845,361,835	786,761,810
Other non-current assets	16	70,744,102	228,713,193
		1,086,899,308	1,169,799,590
Current assets			
Cash and Bank Balances	17	1,408,643,289	795,373,401
Short-term loans and advances	15	3,355,873,597	2,799,318,689
Other current assets	18	35,595,962	28,947,092
		4,800,112,848	3,623,639,182
TOTAL		5,887,012,156	4,793,438,772
Significant Accounting Policies	2		
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah

Gaurav J. Shah
Partner



Prachi Kanodia
Prachi Kanodia
(Company Secretary)

For and on behalf of the Board of Directors

Kamlesh C. Gandhi

Kamlesh C. Gandhi
(Chairman & Managing Director)

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

Place : Ahmedabad

Date : 30th May, 2012

Place : Ahmedabad

Date : 30.05.2012

MAS FINANCIAL SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

	Notes	Year ended 31st March 2012 Rupees	Year ended 31st March 2011 Rupees
INCOME			
Revenue from Operations	19	1,049,486,115	907,804,491
Other Income	20	9,647,167	8,281,769
Total Revenue		1,059,133,282	916,086,260
EXPENDITURE			
Employee Benefits Expense	21	93,638,358	75,631,523
Finance Costs	22	431,819,349	350,343,068
Depreciation and Amortisation Expenses	23	5,325,642	7,067,301
Provisions and Loan Losses	24	61,691,192	57,519,156
Other Expenses	25	192,647,010	188,126,154
Total Expenses		785,121,551	678,687,202
Profit Before Tax		274,011,731	237,399,058
Tax Expense:			
Current Tax		84,000,000	82,300,000
Deferred Tax		358,877	(2,710,139)
Short provision for taxation in respect of earlier years		6,384,325	570,139
Profit for the year		183,268,529	157,239,058
Earnings per equity share (of face value Rs. 10 each):	26		
Basic		11.07	7.72
Diluted		11.07	7.61
Significant Accounting Policies	2		
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah

Gaurav J. Shah
Partner



Prachi Kanodia
Prachi Kanodia
(Company Secretary)

For and on behalf of the Board of Directors

Kamlesh C. Gandhi

Kamlesh C. Gandhi
(Chairman & Managing Director)

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

Place : Ahmedabad

Date : 30th May, 2012

Place : Ahmedabad

Date : 30.05.2012

MAS FINANCIAL SERVICES LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	Year ended 31st March, 2012		Year ended 31st March, 2011	
	Rupees		Rupees	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		274,011,731		237,399,058
Adjustments for :				
Depreciation & Amortisation	5,325,642		7,067,301	
Finance Costs	431,819,349		350,343,068	
Loss on Sale of Fixed Assets	55,739		490,261	
Provision for Non Performing Assets	2,517,047		1,430,438	
Contingent Provision against Standard Assets	1,521,987		8,845,124	
Loss Assets Written Off	44,777,842		41,290,261	
Loss on Sale of Repossessed Assets	12,874,316		5,953,333	
Sundry Balances Written Off/(Back)	2,712,129		(10,412)	
Profit on Redemption of Bonds	-		(145,820)	
Depreciation Recouped from Deferred Subsidy	(170,691)		(270,822)	
Provision/(Reversal of Provision) for Employee Benefits	(3,156,148)		65,522	
Interest Income from Investments and Bank Deposits	(9,113,321)		(7,447,523)	
Dividend Income	(7,538)	489,156,354	(390,309)	407,220,422
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		763,168,085		644,619,480
Changes in Working Capital:				
(Increase) / Decrease in Loans & Advances	(660,174,594)		(847,856,980)	
(Increase) / Decrease in Deposits given as Collateral (including interest accrued)	(30,998,859)		(108,058,890)	
(Increase) / Decrease in Other Assets	(3,454,243)		38,554,206	
Increase / (Decrease) in Trade Payables	8,420,232		(1,894,859)	
Increase / (Decrease) in Security Deposits from Borrowers	319,636,391		169,364,265	
Increase / (Decrease) in Other Current Liabilities	78,870,485	(287,700,588)	46,706,076	(703,186,182)
CASH GENERATED FROM OPERATIONS		475,467,496		(58,566,702)
Finance Costs	(425,268,152)		(330,854,286)	
Income Tax Paid	(90,649,391)	(515,917,543)	(93,431,856)	(424,286,142)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES [A]		(40,450,047)		(482,852,844)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances	(5,162,936)		(18,898,043)	
Sale of Fixed Assets	66,550		1,514,000	
Purchase of investments	(17,500,000)		(420,000,000)	
Bank balances not considered as Cash and Cash Equivalents				
- Fixed Deposits (Placed) / Matured	22,685,094		(34,853,250)	
Sale/Redemption of Investments	-		420,249,018	
Interest Income from Investments and Bank Deposits	3,660,737		6,984,436	
Dividend Income	7,538		390,309	
NET CASH FROM / (USED IN) INVESTING ACTIVITIES [B]		3,756,983		(44,613,530)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid including Corporate Dividend Tax	(87,476,694)		(96,356,491)	
Increase in Working Capital Loans from Banks	1,244,312,668		393,971,511	
Increase/(Decrease) in Long Term Liabilities	(752,539,520)		193,659,023	
Redemption of Preference Shares	-		(65,000,000)	
Redemption of Debentures	(270,000,000)		-	
Proceeds from Issue of Debentures	360,000,000		270,000,000	
NET CASH FROM FINANCING ACTIVITIES [C]		494,296,454		696,274,043
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		457,603,391		168,807,669
Cash and Cash Equivalents at the beginning of the year		685,891,541		517,083,872
Cash and Cash Equivalents at the end of the year		1,143,494,932		685,891,541



MAS FINANCIAL SERVICES LTD.**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012****Notes:**

1 Cash and cash equivalents at the end of the year comprises:

- (a) Cash on Hand
(b) Balances with banks
In Current/ Cash Credit Accounts

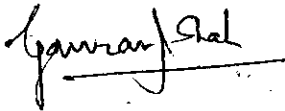
Year ended 31st March, 2012 Rupees	Year ended 31st March, 2011 Rupees
1,329,813	2,349,653
1,142,165,119	683,541,888
1,143,494,932	685,891,541

2 The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

3 Previous year's figures have been regrouped and reclassified wherever necessary.

In terms of our report attached

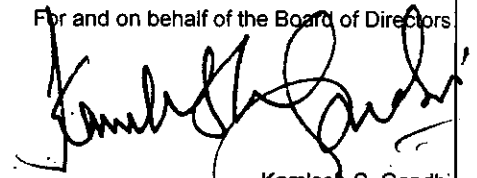
For Deloitte Haskins & Sells
Chartered Accountants



Gaurav J. Shah
Partner



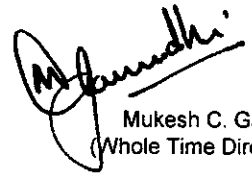
For and on behalf of the Board of Directors



Kamlesh C. Gandhi
(Chairman & Managing Director)



Prachi Kanodia
(Company Secretary)



Mukesh C. Gandhi
(Whole Time Director)

Place : Ahmedabad

Date : 30th May, 2012

Place : Ahmedabad

Date : 30.05.2012

Note-1 CORPORATE INFORMATION

MAS Financial Services Limited is a public company domiciled in India and incorporated under the provisions of Companies Act, 1956. It is registered as a Non-Banking Finance Company with Reserve Bank of India. The Company is engaged in retail asset finance by way of providing Micro Enterprise Loans, SME Loans, Two Wheeler Loans, Commercial Vehicle Loans, Agri-based Loans etc.

Note-2 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 requirements of the Companies Act, 1956, including the accounting standards notified by the Central Government of India under Section 211(3C) of the Company Act, 1956. Further, the Company follows the 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/amortisation.

D. DEPRECIATION/ AMORTISATION

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

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

Intangible assets (Computer Software) are amortised equally over a period of five years from the date of acquisition.

E. IMPAIRMENT OF ASSETS

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

F. INVESTMENTS

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

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

G. GOVERNMENT GRANTS

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



H. REVENUE RECOGNITION :

General

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

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

Income from Loans:

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

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

Income from Assignment

(i) At Premium Structure:

In case of assignment of receivables "at premium", the assets are de-recognised since all the rights, title, future receivables and interest thereof are assigned to the purchaser. The interest spread arising on assignment is recognized upfront.

(ii) At Par Structure:

In case of assignment of receivables "at par", the assets are de-recognised since all the rights, title and future receivables principal are assigned to the purchaser. The interest spread arising on assignment is accounted over the residual tenor of the underlying assets.

Income from Investments

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

Interest income is accounted for on accrual basis.

I. ADVANCES UNDER LOAN CUM HYPOTHECATION AGREEMENTS :

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

J. REPOSSESSED ASSETS :

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 ASSIGNMENT TRANSACTIONS

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

M. TAXATION

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

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

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

N. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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



MAS FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	As at 31st March 2012 Rupees	As at 31st March 2011 Rupees
Note 3. Share Capital		
Authorized		
15,500,000 Equity Shares of Rs. 10 each.	155,000,000	155,000,000
650,000 Cumulative Redeemable Non Convertible Preference Shares of Rs. 100 each	65,000,000	65,000,000
40,000,000 8% Cumulative Redeemable Preference Shares of Rs.10 each	400,000,000	400,000,000
44,000,000 7% Compulsorily Convertible Cumulative Preference Shares of Rs.10 each	440,000,000	440,000,000
	1,060,000,000	1,060,000,000
Issued, Subscribed and Fully Paid-Up:		
10,000,000 (As at 31-03-2011 : 9,500,000) Equity Shares of Rs.10 each fully paid-up.	100,000,000	95,000,000
40,000,000 8% Cumulative Redeemable Preference Shares of Rs.10 each fully paid up	400,000,000	400,000,000
43,471,090 7% Compulsorily Convertible Cumulative Preference Shares of Rs.10 each fully paid-up	434,710,900	434,710,900
	934,710,900	929,710,900

3.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
Outstanding at the beginning of the Year	9,500,000	95,000,000	9,500,000	95,000,000
Add : Bonus shares issued during the year	500,000	5,000,000	-	-
Outstanding at the end of the Year	10,000,000	100,000,000	9,500,000	95,000,000
Cumulative Redeemable Preference Shares				
Outstanding at the beginning of the Year	40,000,000	400,000,000	40,000,000	400,000,000
Add : Issued during the year	-	-	-	-
Outstanding at the end of the Year	40,000,000	400,000,000	40,000,000	400,000,000
Compulsorily Convertible Cumulative Preference Shares				
Outstanding at the beginning of the Year	43,471,090	434,710,900	43,471,090	434,710,900
Add : Issued during the year	-	-	-	-
Outstanding at the end of the Year	43,471,090	434,710,900	43,471,090	434,710,900

3.2 Rights, preferences and restrictions attaching to each class of shares and terms of preference shares convertible into equity along with the earliest date of conversion
(a) Equity Shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

The Board of Directors, in their meeting held on 30th May, 2012, proposed a dividend of Rs. 2.25 per equity share. The total dividend appropriation for the year ended March 31, 2012 amounts to Rs 26,150,063 including corporate dividend tax of Rs. 3,650,063.

During the year ended March 31, 2011, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 1.325. The total dividend appropriation for the year ended March 31, 2011 amounted to Rs. 14,678,127 including corporate dividend tax of Rs. 2,090,627.



(b) Cumulative Redeemable Preference Shares

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 (CRPS) of the face value of Rs. 10 each for cash at par. The CRPS carry cumulative dividend @ 8% p.a. The shares are redeemable in one installment at the end of four years from the "Second Closing Date", as defined in the Agreement, i.e. on 15th June, 2012 at face value plus a redemption premium which is to be calculated based on the IRR to be provided to the Investor on its investment as per the terms of the Agreement as amended by the First Amendment dated 07-02-2012 to the Agreement.

The holder of the preference share capital shall, in respect of such capital, have a right to vote only on resolutions placed before the company which directly affect the rights attached to his preference shares.

The Agreement, as amended by the First Amendment to the Agreement, provides for early redemption of the CRPS under circumstances as specified in the Agreement.

The aforesaid Agreement, as amended by the First Amendment to the 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.

In the event of liquidation of the Company before redemption of the CRPS the holder of the CRPS will have priority over equity shareholders and future preference shareholders, but in pari passu with the existing preference shareholders, in the payment of an amount that would give the CRPS holder an IRR as specified in the Agreement as amended by the First Amendment to the Agreement.

The Board of Directors, in their meeting held on 06-04-2012 proposed an interim dividend of Rs. 0.80 per CRPS. The total dividend appropriation for the year ended March 31, 2012 amounts to Rs 37,191,200 including corporate dividend tax of Rs. 5,191,200.

During the year ended March 31, 2011, the amount of per CRPS dividend recognized as distributions to the CRPS holder was Rs. 0.80 per CRPS.

The total dividend appropriation amounted to Rs. 37,314,800 including corporate dividend tax of Rs. 5,314,800.

(c) Compulsorily Convertible Cumulative Preference Shares

The Company has entered into Share Subscription and Shareholders Agreement ("the Agreement") with Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N. V. (FMO) ("the Investor") pursuant to which, the investor has subscribed to and has been allotted 43,471,090 Cumulsorily Convertible Preference Shares (CCCPS) of the face value of Rs. 10 each at par.

The CCCPS carry a right to be paid a fixed cumulative preferential dividend at the rate of 7% per annum free of income tax till the Financial Year ending on 31st March, 2014. After this date, under the circumstances specified in the Agreement, the rate of dividend is to be increased as provided for in the Agreement. In the event of the Company not having sufficient profits to distribute dividends to all the preference shareholders to meet the dividend obligations in full, the dividend shall be distributed to FMO after ICICI Venture and in priority over all other preference shareholders.

The holder of the preference share capital shall, in respect of such capital, have a right to vote only on resolutions placed before the company which directly affect the rights attached to his preference shares.

As per the Agreement as amended by the First Amendment dated 19-10-2011 to the Agreement, the CCCPS are compulsorily convertible into equity shares at any time within 20 years from date of allotment 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.

As per the Agreement, FMOs Shares shall become immediately due upon liquidation, dissolution, winding up or insolvency of the Company and the ranking of settlement of such payables shall be in line with prevailing Indian legislation at such time, provided, however that as between FMO and other preference shareholders, ICICI Venture shall rank in priority over FMO which in turn shall in priority over all other preference shareholders.

The Board of Directors, in their meeting held on 06-04-2012, proposed an interim dividend of Rs. 0.70 per CCCPS. The total dividend appropriation for the year ended March 31, 2012 amounts Rs 35,366,231 including corporate dividend tax of Rs. 4,936,468.

During the year ended March 31, 2011, the amount of per CRPS dividend recognized as distributions to the CCCPS holder was Rs.0.70 The total dividend appropriation amounted to Rs.35,483,767 including corporate dividend tax of Rs. 5,054,004.

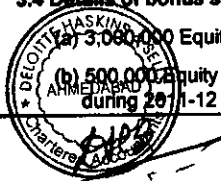
3.3 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March 2012		As at 31st March 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity Shares				
Kamlesh C. Gandhi	1,560,712	15.61%	1,482,676	15.61%
Sweta Kamlesh Gandhi	4,084,632	40.85%	3,880,400	40.85%
Mona Mukesh Gandhi	1,764,289	17.64%	1,676,075	17.64%
Mukesh C. Gandhi (HUF)	2,262,631	22.63%	2,149,499	22.63%
Cumulative Redeemable Preference Shares				
IDBI Trusteeship Services Limited as Trustee of India Advantage Fund-VII (Mezzanine Fund-I)	40,000,000	100.00%	40,000,000	100.00%
Compulsorily Convertible Cumulative Preference Shares				
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	43,471,090	100.00%	43,471,090	100.00%

3.4 Details of bonus shares issued during the five years immediately preceding the Balance Sheet date:

(a) 3,080,000 Equity Shares of Rs. 10 each fully paid-up were allotted as bonus shares by capitalisation of profits during 2007-08

(b) 500,000 Equity Shares of Rs. 10 each fully paid-up were allotted as bonus shares by capitalisation of Capital Redemption Reserve during 2011-12



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

[illegible]

6.1 Details of terms of redemption/repayment and security provided in respect of long-term borrowings:

	Amount Non Current	Amount Current	Terms of Redemption/ Repayment	Security
Debentures				
270, 10.95% Non-Convertible Debentures of Rs. 10 lakhs each (privately placed)	-	-	The Debentures have been redeemed at par on 26-07-2011	First pari passu legal mortgage and charge over the specific immovable properties of the Company and first ranking and exclusive charge on standard receivables of the Company (identified loan assets), as disclosed by the Company.
230, Series I - 13 % Secured Redeemable Non-Convertible Debentures of Rs. 10 lakhs each (privately placed)	230,000,000	-	The Debentures are redeemable at par on 29-07-2013. Series - I Debentures carry a put option/call option exercisable at the end of 12 months from the deemed date of allotment. As per the terms of issue, the coupon rate in respect of Series - I Debentures will be reset at the end of 12 months from the deemed date of allotment.	Series I and Series II Non-Convertible Debentures are secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide one times security cover of the outstanding amount of the Debentures on a continuous basis, during the tenure of the Debentures.
130, Series II - 13.20 % Secured Redeemable Non-Convertible Debentures of Rs.10 lakhs each (privately placed)	130,000,000	-		
Total Debentures	360,000,000	-		
Term Loans from Banks				
Term Loan - I	-	24,999,999	Repayable in 12 Quarterly installments from 01/11/2009. Rate of interest: Fixed Maturity Period: < 1 year No. of Installments due: 2	Secured by a first charge on present and future movables, receivables, book debts, outstanding monies and other dues arising out of the term loan.
Term Loan - II	50,000,001	100,000,000	Repayable in 12 Quarterly installments from 10/11/2010. Rate of interest: Fixed Maturity Period: 1-2 years No. of Installments due: 6	Secured by a first charge on present and future movables, receivables, book debts, outstanding monies and other dues arising out of the term loan.
Term Loan - III	62,500,000	83,333,333	Repayable in 12 Quarterly installments from 24/02/2011. Rate of interest: Fixed Maturity Period: 1-2 years No. of Installments due: 7	Secured by a first charge on present and future movables, receivables, book debts, outstanding monies and other dues arising out of the term loan.
Term Loan - IV	-	37,500,000	Repayable in 12 Quarterly installments from 08/03/2010. Rate of interest: Fixed Maturity Period: < 1 year No. of Installments due: 3	Secured by a first charge on present and future movables, receivables, book debts, outstanding monies and other dues arising out of the term loan.
Term Loan - V	-	69,090,905	Repayable in 11 quarterly from 31/03/2010. Rate of interest: BPLR - Spread Maturity Period: < 1 year No. of Installments due: 2	Secured by a first charge on present and future movables, receivables, book debts, outstanding monies and other dues arising out of the term loan. The Loan is guaranteed by two Directors of the Company
Term Loan - VI	291,666,663	166,666,668	Repayable in 36 monthly installments from 06/01/2012. Rate of interest: I-BASE + Spread Maturity Period: 2-3 years No. of Installments due: 33	Secured by hypothecation of all receivables arising out of the loan portfolio created by utilising the proceeds of the facility.
Term Loan - VII	-	64,166,669	Repayable in 27 monthly installments commencing from 05/11/2010. Rate of interest: Fixed Maturity Period: < 1 year No. of Installments due: 7	Secured by full and exclusive charge over the book debts created out of this funds, both present and present, to secure the credit facilities in addition to any other security that have been given.
Term Loan - VIII	-	24,858,929	Repayable in 12 Quarterly installments from 29/08/2010. Rate of interest: Base Rate + Spread Maturity Period: < 1 year No. of Installments due: 3	Secured by a charge on all the present and future book debts, Out standings, Money receivables, Claims and Bills, which are now due and owing or which may any time hereafter during the continuance of this security become due and owing to the borrower in the course of its business

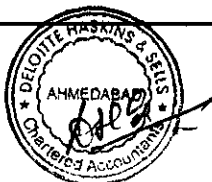


Term Loan - IX	13,637,358	109,090,912	Repayable in 12 Quarterly installments from 30/09/2010. Rate of interest: Base Rate + Spread Maturity Period: 1-2 years No. of Installments due: 5	Secured by a charge on all the present and future book debts, Out standings, Money receivables, Claims and Bills, which are now due and owing or which may any time hereafter during the continuance of this security become due and owing to the borrower in the course of its business
Property Term Loan	2,113,139	711,840	Repayable in 101 monthly installments from 20/10/2007. Rate of interest: BPLR - Spread Maturity Period: 3-4 years No. of Installments due: 48	Secured by equitable mortgage by deposit of title deeds of immovable property at fourth floor, Narayan Chambers, Ashram Road, Ahmedabad and personal guarantee of two directors of the Company.
Vehicle Loans	943,638	1,789,602	Repayable in 36 monthly installments. Rate of interest: Fixed Maturity Period: 1-2 years No. of Installments due: 18	Secured by hypothecation of the vehicles financed.
Total Term Loans from Banks	420,860,799	682,208,857		
Term Loans from Others				
Term Loans from a Financial Institution	-	10,680,000	Repayable in 14 quarterly installments from 01/06/2009. Rate of interest: Fixed Maturity Period: < 1 year No. of Installments due: 2	Secured by hypothecation of equipments and other assets including book debts created out of the loan availed and also lien on specific bank fixed deposits.
Total Term Loans from Others	-	10,680,000		



MAS FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	As at 31st March 2012 Rupees	As at 31st March 2011 Rupees
Note 7. Other Long Term Liabilities		
Security deposits received	221,972,920	75,061,892
	221,972,920	75,061,892
Note 8. Long-term Provisions		
Provision for Employee Benefits		
Gratuity	-	1,631,062
Other Provisions		
Contingent Provision against Standard Assets	2,110,075	1,954,840
	2,110,075	3,585,902
Note 9. Short-term borrowings		
Secured		
Loans repayable on demand:		
From Banks:		
Cash Credit and Overdrafts	1,921,360,716	1,027,048,048
Short Term Loans	350,000,000	-
Commercial Paper (Refer Note 9.1 below)	-	-
	2,271,360,716	1,027,048,048
9.1 The Company has issued Commercial Papers during the year. The maximum amount of Commercial Papers outstanding at any time during the year was Rs. 35,00,00,000 (Previous Year - Rs. Nil). As at 31st March, 2012 and 31st March, 2011 there were no Commercial Paper outstanding.		
Note 10. Other Current Liabilities		
Current Maturities of long-term debt	692,888,857	1,481,320,634
Interest accrued but not due on borrowings	27,015,754	20,464,557
Other Payables:		
Statutory remittances (Contributions to PF and ESIC, Service Tax, etc.)	13,168,992	3,688,099
Dues to the assignees towards collections from assigned receivables	153,289,677	84,007,889
Security deposits received	349,718,683	176,993,320
Advance payments received	495,881	775,717
Others	410,262	22,622
	1,236,988,106	1,767,272,838
Note 11. Short-term Provisions		
Provision for Employee Benefits		
Compensated Absences	1,701,513	1,408,698
Other Provisions		
Provision for Non Performing Assets	8,879,807	6,362,760
Contingent Provision against Standard Assets	8,257,036	6,890,284
Provision for proposed equity dividend	22,500,000	12,587,500
Provision for proposed interim preference dividend	62,429,763	62,429,763
Provision for dividend distribution tax on proposed equity dividend	3,650,063	2,090,627
Provision for dividend distribution tax on proposed interim preference dividend	10,127,668	10,368,804
	117,545,850	102,138,436



MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 12. Fixed Assets

NATURE OF ASSETS	GROSS BLOCK (AT COST)			DEPRECIATION				NET BLOCK	
	As at 1st April 2011	Additions during the year	Deductions during the Year	As at 31st March 2012	As at 1st April 2011	For the year	On Deductions during the Year	As at 31st March 2012	As at 31st March 2011
Tangible assets									
Office Building *	22,975,956	-	-	22,975,956	2,753,097	374,508	-	19,848,351	20,222,859
Computer & Office Equipment	44,748,948	2,899,161	134,611	47,513,498	26,913,762	2,049,607	12,322	18,562,451	17,835,185
Furniture & Fixtures	22,868,232	754,869	-	23,623,101	8,225,220	1,668,541	-	13,729,340	14,643,012
Vehicles	10,801,857	1,047,699	-	11,849,556	2,767,104	981,775	-	8,100,677	8,034,754
Total	101,394,993	4,701,729	134,611	105,962,111	40,659,183	5,074,431	12,322	60,240,819	60,735,810
Previous Year	86,469,516	17,999,465	3,073,988	101,394,993	34,759,423	6,969,487	1,069,727	60,735,810	
Intangible Assets									
Software	1,182,190	73,864	-	1,256,054	97,814	251,211	-	907,029	1,084,376
Total	1,182,190	73,864	-	1,256,054	97,814	251,211	-	907,029	1,084,376
Previous Year	-	1,182,190	-	1,182,190	-	97,814	-	1,084,376	
Grand Total	102,577,183	4,775,593	134,611	107,218,165	40,756,997	5,325,642	12,322	61,147,848	61,820,186
Previous Year	86,469,516	19,181,655	3,073,988	102,577,183	34,759,423	7,067,301	1,069,727	61,820,186	

* Note :

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



MAS FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	Face Value Per Share/ Bond Rupees	As at 31st March, 2012		As at 31st March, 2011	
		No. of Shares/ Bonds	Rupees	No. of Shares/ Bonds	Rupees
Note 13. Non-Current Investments (at cost)					
(A) TRADE:					
UNQUOTED					
In Subsidiary Company					
Fully paid up Equity Shares of					
Mas Rural Housing & Mortgage Finance Ltd.	10	10,750,000	107,500,000	9,000,000	90,000,000
(B) NON-TRADE:					
QUOTED					
In Equity Shares (Fully Paid Up):					
Apple Finance Ltd.	10	100	2,150	100	2,150
Athena Finance Ltd.	10	1	7	1	7
Cholamandalam Finance Ltd.	10	1	52	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	3	2,904
ICICI Bank Ltd.	10	3	4,560	3	4,560
Indusind Bank Ltd.	10	102	4,590	102	4,590
Kotak Mahindra Bank Ltd.	5	250	1,950	125	1,950
Reliance Capital Ltd.	10	1	77	1	77
HDFC Ltd.	2	5	-	1	-
			109,631		109,632
Less : Provision for diminution			46,641		46,641
			62,990		62,991
In Government Securities:					
11.5% GOI BOND 2015	795,000		761,213		761,213
UNQUOTED					
In Equity Shares (Fully Paid Up):					
Cosmos Co-operative Bank Ltd.	25	277	6,925	277	6,925
Total Non-Current Investment			108,331,128		90,831,129
1 Aggregate amount of Quoted Investments:					
Cost			870,844		870,845
Market Value			1,227,123		1,285,134
(In respect of Government Securities face value considered as market value is not available)					
2 Aggregate amount of Unquoted Investments			107,506,925		90,006,925

	As at 31st March 2012 Rupees	As at 31st March 2011 Rupees
Note 14. Deferred Tax Asset		
Tax effect of items constituting Deferred Tax Liability		
1 Difference between book depreciation and depreciation under Income-tax Act, 1961	(5,793,796)	(4,696,540)
Tax effect of items constituting Deferred Tax Assets		
1 Provision for non-performing assets	2,881,053	2,064,397
2 Provision for Standard Assets	3,363,609	2,869,801
3 Provision for Gratuity and Leave Encashment	552,056	986,250
4 Expenses eligible for deduction under section 35D of the Income-tax Act, 1961	311,472	449,363
Total Deferred Tax Assets	7,108,190	6,369,811
Net Deferred Tax Asset	1,314,395	1,673,272



MAS FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	Non Current		Current	
	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
Note 15. Loans and advances				
(A) Loans to Customers				
(i) Secured				
Loans	474,831,139	433,153,645	1,645,859,782	1,190,628,008
Installments and other dues from borrowers	-	-	147,159,405	128,912,602
	474,831,139	433,153,645	1,793,019,187	1,319,540,610
Less: Unaccrued Interest Charges	32,719,800	73,447,617	94,062,507	151,312,891
	442,111,339	359,706,028	1,698,956,680	1,168,227,719
(ii) Unsecured				
Loans	460,641,383	483,758,619	1,749,258,880	1,773,759,034
Installments and other dues from borrowers	-	-	68,477,854	79,464,961
	460,641,383	483,758,619	1,817,736,734	1,853,223,995
Less: Unaccrued Interest Charges	67,366,675	61,528,500	261,071,721	248,483,428
	393,274,708	422,230,119	1,556,665,013	1,604,740,567
Total Loans to Customers (A)	835,386,047	781,936,147	3,255,621,693	2,772,968,286
Of the above:				
Considered Good	835,386,047	781,936,147	3,246,741,886	2,766,605,526
Considered Doubtful - Non Performing Assets	-	-	8,879,807	6,362,760
	835,386,047	781,936,147	3,255,621,693	2,772,968,286
Notes:				
15.1 Secured Installments and other dues from borrowers include dues from borrowers include amounts outstanding for more than six months	-	-	24,480,418	15,140,709
15.2 Unsecured Installments and other dues from borrowers include dues from borrowers include amounts outstanding for more than six months	-	-	14,846,965	8,286,686
15.3 Secured exposures are exposures secured wholly or partly by hypothecation of assets and/or company guarantees or personal guarantees and/or undertaking to create a security.				
15.4 Percentage of loans against gold to total assets			0.64%	2.91%
(B) Other Loans and Advances				
(i) Advances to Dealers				
Unsecured - considered good	-	-	70,752,949	16,805,603
(ii) Security deposits				
Unsecured, considered good	3,327,008	4,825,663	-	-
(iii) Portfolio Collateral against assets assigned	3,111,878	-	25,980,777	-
(iv) Advances to employees				
Unsecured, considered good	-	-	903,500	916,637
(v) Prepaid expenses	-	-	1,919,403	2,858,965
(vi) Advances recoverable in cash or kind				
Unsecured, considered good	1,817,900	-	695,275	4,702,606
(vii) Capital Advances				
Unsecured, considered good	387,343	-	-	-
(viii) Advance Tax and TDS (Net of provision for tax)	1,331,659	-	-	1,066,592
Total Other Loans and Advances (B)	9,975,788	4,825,663	100,251,904	26,350,403
Total Loans and Advances (A) + (B)	845,361,835	786,761,810	3,355,873,597	2,799,318,689



MAS FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012
Note 16. Other Non-Current Assets

Non-current Bank Balances	67,376,630	219,552,275
Interest Accrued on Deposits	3,367,472	9,160,918
	70,744,102	228,713,193

Note 17. Cash and Bank Balances
Cash and Cash Equivalents

	Non Current		Current	
	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
Cash on Hand	-	-	1,329,813	2,349,653
Balances with Banks:				
In Current/ Cash Credit Accounts	-	-	1,142,165,119	683,541,888
Other Bank Balances				
In Fixed Deposit Accounts: (Refer Note 17.1 below)				
Deposits held as security against borrowings and other commitments	1,373,635	99,838,640	98,507,184	22,727,273
Deposits given as collateral against assets assigned	66,002,995	119,713,635	166,641,173	86,754,587
Total	67,376,630	219,552,275	1,408,643,289	795,373,401
Less:-				
Amount disclosed under non current assets	67,376,630	219,552,275	-	-
	-	-	1,408,643,289	795,373,401

Note:

17.1 Other bank balances include deposits amounting to Rs. 314,474,080 (As at 31st March, 2011 Rs. 301,837,240) which have an original maturity of more than 12 months.

Note 18. Other Current Assets

Interest Accrued		
On Investments	32,563	32,563
On Term Loans	6,008,676	4,092,186
On Deposits	19,896,441	3,827,498
	25,937,680	7,952,247
Re-possessed Assets	9,270,206	19,680,642
Others		
Income Receivable	388,076	1,314,203
	35,595,962	28,947,092



MAS FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012

	Year ended 31st March 2012 Rupees	Year ended 31st March 2011 Rupees
Note 19. Revenue from operations		
(a) Income from Financing Activity		
i) Interest	909,544,099	785,785,435
ii) Other Operating Revenue		
Service Charges, Stamp & Document Charges etc.	120,776,979	110,197,781
(b) Interest on deposits placed as collateral towards assets derecognised	18,568,701	11,821,275
(c) Income from Non Financing Activity	596,336	-
	1,049,486,115	907,804,491
Note 20. Other Income		
Interest Income:		
On Investments - Non Current, Non Trade , Quoted (Govt. Securities)	91,425	88,211
On Bank Deposits	9,021,896	7,359,312
Dividend Income:		
From Current Investments - Mutual Fund Units	-	389,903
From Long Term Investments	7,538	406
Other Non Operating Income:		
Profit on redemption of Mutual Fund Units	-	145,820
Rent	330,000	-
Miscellaneous Income	196,308	298,117
	9,647,167	8,281,769
Note 21. Employee Benefits Expense		
Salaries, Bonus and Allowances	87,440,447	69,593,836
Contributions to Provident & Other Funds	3,497,863	3,827,315
Staff Welfare Expenses	2,700,048	2,210,372
	93,638,358	75,631,523
Note 22. Finance Costs		
Interest:		
On Bank Borrowings	308,818,636	290,683,120
On Debentures	41,236,071	20,169,000
On Others	23,034,405	8,414,765
	373,089,112	319,266,885
Discount on Commercial Papers	19,769,700	-
Other Borrowing Costs:	38,960,537	31,076,183
	431,819,349	350,343,068



MAS FINANCIAL SERVICES LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

	Year ended 31st March 2012 Rupees	Year ended 31st March 2011 Rupees
Note 23. Depreciation and Amortisation		
Depreciation on tangible assets	5,074,431	6,969,487
Amortisation of intangible assets	251,211	97,814
	5,325,642	7,067,301
Note 24. Provisions and Loan Losses		
Loss Assets Written Off	44,777,842	41,290,261
Loss on Sale of Repossessed Assets (Net)	12,874,316	5,953,333
Provision for Non Performing Assets	2,517,047	1,430,438
Contingent Provision against Standard Assets	1,521,987	8,845,124
	61,691,192	57,519,156
Note 25. Other Expenses		
Rent	9,595,962	9,228,640
Rates & Taxes	3,744,492	3,557,118
Stationery & Printing	6,487,458	7,844,449
Telephone	7,487,660	7,917,554
Electricity	3,066,315	3,057,808
Postage & Courier	3,592,525	3,406,698
Insurance	7,847,449	6,920,652
Conveyance	16,370,308	15,906,990
Travelling	9,663,560	9,983,477
Repairs & Maintenance:		
Building	272,907	293,496
Others	3,621,226	3,853,689
	3,894,133	4,147,185
Professional Fees (Refer Note 25.1 below)	12,692,883	11,210,025
Director's Sitting Fees	285,000	175,000
Legal Expenses	8,680,364	10,761,478
Bank Charges	17,335,076	17,191,130
Commission	60,089,358	56,279,600
Advertisement Expenses	11,620,528	10,714,432
Sales Promotion Expenses	3,754,186	2,109,831
Loss on Sale of Fixed Assets	55,739	490,261
Donation	658,951	247,100
Miscellaneous Expenses	5,725,063	6,976,726
	192,647,010	188,126,154
Note 25.1		
Professional fee includes Payment to Auditors		
As Auditors:		
Statutory Audit Fees	1,000,000	1,000,000
Other Services	204,055	275,784
Reimbursement of Expenses	711	3,339
	1,204,766	1,279,123



MAS FINANCIAL SERVICES LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	Year ended 31st March 2012 Rupees	Year ended 31st March 2011 Rupees
Note 26. Earnings Per Share		
(A) Basic		
Computation of Profit (Numerator)		
Net Profit for the year	183,268,529	157,239,058
Less: Preference dividend including tax thereon.	72,557,431	79,999,158
Net Profit for the year attributable to Equity Shareholders	110,711,098	77,239,900
Computation of Weighted Average Number of Shares (Denominator)	Nos.	Nos.
Weighted average number of Equity Shares of Rs. 10 each used for calculation of basic Earnings per Share	10,000,000	10,000,000 *
Basic Earnings per Share of face value of Rs. 10 each (in Rs.)	11.07	7.72
*Adjusted for Bonus Shares issued during 2011-12		
(B) Diluted		
Computation of Profit (Numerator)	Rupees	Rupees
Net Profit attributable to Equity Shareholder's as above	110,711,098	77,239,900
Computation of Weighted Average Number of Shares (Denominator)	Nos.	Nos.
Weighted average number of Equity Shares as above	10,000,000	10,000,000
Add: Weighted average number of Equity Shares deemed to be allotted upon the conversion of options	-	150,000
Total weighted average number of Shares used for calculating diluted Earnings per Share.	10,000,000	10,150,000
Diluted Earnings per Share of face value of Rs. 10 each (in Rs.)	11.07	7.61
Since the price at which the compulsorily convertible cumulative preference shares will be converted to equity shares is not ascertainable at present their effects are ignored in calculating diluted earnings per share.		



MAS FINANCIAL SERVICES LIMITED

Notes Forming Part of the Financial Statements:

27. Contingent Liabilities:

	As at 31 st March 2012 Rupees	As at 31 st March 2011 Rupees
Guarantee given to a bank in respect of loan granted by the bank to the Company's subsidiary Amount of guarantee Rs.100,000,000 (Previous Year Rs.100,000,000) Amount of loan outstanding	91,964,305	10,000,000
Other amount for which the Company is contingently liable	-	1,500,000

28. 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 (CRPS) of the face value of Rs. 10 each for cash at par. The shares are redeemable in one installment, on 15th June, 2012 at face value plus a redemption premium which is to be calculated based on the IRR to be provided to the Investor on its investment as per the terms of the Agreement as amended by the First Amendment dated 07-02-2012 to the Agreement vide which the rate of IRR was increased and the Warrant Subscription Agreement dated April 16, 2008 executed between the Company and the Investor was cancelled.

As per the terms of the agreement, as amended by the First Amendment to 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, the Company proposes to make a fresh issue of securities at a premium and proposes to charge the above stated premium on redemption of the CRPS against the securities premium account so arising, 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. 146,258,962 (Previous year Rs. 19,819,274) (cumulatively Rs. 203,089,236 upto 31st March, 2012) has not been provided for in the statement of profit and loss for the year.

29. During the year the Company has assigned, loan receivables of 60,493 (Previous Year 46,945) contracts amounting to Rs.2,114,110,620 (including future interest receivable) (Previous year Rs. 1,744,895,538) for a consideration of Rs. 1,923,487,063 (Previous year Rs. 1,575,665,831) and de-recognized the assets from the books. The income booked during the year in respect of assignment of receivables is Rs. 139,819,099 (Previous year Rs. 138,661,557) net of Rs. 42,282,212 (Previous year Rs. 29,374,957) provided for towards future servicing of the assigned pool.

During the year the Company has assigned, loan receivables of 42,224 (Previous Year Nil) contracts amounting to Rs. 1,089,141,400 (excluding future interest receivable) (Previous year Rs. Nil) for a consideration of Rs. 1,089,141,400 (Previous year Rs. Nil) and de-recognized the assets from the books.

During the year provision in respect of securitisation of Rs. 28,949,336 (Previous year Rs. 19,541,779) considered no longer necessary has been written back.

Outstanding balances of assigned loans as at 31st March, 2012 is Rs. 3,060,978,273 (As at 31st March, 2011 Rs. 1,746,266,675).



30. The Company does not have any transactions that need to be reported under clause 28 of the Listing Agreement for Debt Securities.

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

(a) The Company has entered into leave & license agreements for taking office premises along with furniture & fixtures as applicable and godown premises on rental basis for a period ranging from 3 to 70 months. The specified disclosure in respect of these agreements is given below:

		Year Ended 31-03-2012 Rupees	Year Ended 31-03-2011 Rupees
(1)	Lease payments recognised in the statement of Profit and Loss	9,595,962	9,228,640
(2)	i The company has given refundable, interest free security deposits under certain agreements. ii Certain agreements contain a provision for their renewal		

(b) The Company has let out a portion of its office premises on operating leases alongwith furniture and fixtures and other amenities for a period of one year. Lease rental income recognized in the Profit and Loss Account for the year in respect of the same is Rs. 3,30,000 (Previous year: Rs. Nil)

32. Employee Benefits

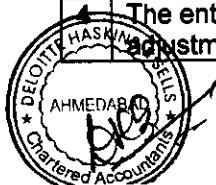
Disclosures as required as per Accounting Standard AS-15 (revised) – “Employee Benefits” prescribed by Companies (Accounting Standards) Rules, 2006 in respect of Gratuity are as under:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

		As at/ For the year ended 31 st March 2012 Rupees	As at/ For the year ended 31 st March 2011 Rupees
A	Net liability recognised in the Balance Sheet as at 31st March		
	Present value of funded obligation	5,778,422	3,271,839
	Fair value of plan assets	5,778,422	3,271,839
	Present value of unfunded obligation	(1,817,900)	1,631,062
	Net liability	(1,817,900)	1,631,062
B	Expense recognised in the profit and loss account for the year		
	Current service cost	615,005	487,967
	Interest on obligation	401,548	315,671
	Expected return on plan assets	(389,724)	(231,768)
	Net actuarial losses (gains) recognised in the year	(1,812,087)	328,719
	Total included in employee benefit expense	(1,185,259)	900,589
	Actual return on Plan assets	1,812,087	217,487



C	Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:				
	Opening defined benefit obligation	4,902,901	3,854,342		
	Service Cost	615,005	487,967		
	Interest Cost	401,548	315,671		
	Actuarial losses /(gains)	(1,812,087)	314,438		
	Benefits paid	(146,844)	(69,517)		
	Closing defined benefit obligation	396,0523	4,902,901		
D	Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof:				
	Opening fair value of plan assets	3,271,839	1,878,563		
	Expected return	389,724	231,768		
	Actuarial gains / (losses)	-	(14,281)		
	Contributions by Employer	2,263,703	1,245,306		
	Benefits paid	(146,844)	(69,517)		
	Closing balance of fair value of plan assets	5,778,422	3,271,839		
E	Major categories of plan assets as a percentage of total plan assets:				
	Qualifying insurance policy with LIC	100%	100%		
F	Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):				
	Discount rate	8.50%	8.19%		
	Expected return on plan assets	9.00%	9.00%		
	Annual increase in salary costs*	5.00%	5.00%		
	Notes:				
1	* The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.				
2	Defined Contribution Plans	Year ended 31 st March, 2012 Rupees	Year ended 31 st March, 2011 Rupees		
	Amount recognized as an expense and included in Note 21 of Statement of Profit & Loss.	2,980,998	1,319,399		
3	Employee Benefit disclosure :				
		As at 31-03-2012 Rupees	As at 31-03-2011 Rupees	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
	Present value of the defined benefit obligation	3,960,522	4,902,901	3,854,342	2,847,055
	Fair value of the plan assets	5,778,422	3,271,839	1,878,563	1,457,952
	Deficit/(Surplus) in the plan	(1,817,900)	1,631,062	1,975,779	1,389,103
The entire plan assets are managed by LIC. The data on plan assets and experience adjustment has not been furnished by LIC and hence there are no disclosures in this regard.					



33. 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

34. Related Party Disclosures

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

List of related parties and relationships:

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

Related party transactions:

Sr. No.	Nature of transactions	Year ended 31 st March 2012 Rupees	Year ended 31 st March 2011 Rupees
1	Interest Income:		
	MAS Rural Housing & Mortgage Finance Ltd.	16,104	69,515
2	Rent Income:		
	MAS Rural Housing & Mortgage Finance Ltd.	330,000	-
3	Deposit Repaid:		
	MAS Rural Housing & Mortgage Finance Ltd.	460,965	926,263
4	Advances given to:		
	MAS Rural Housing & Mortgage Finance Ltd.	1,235,487	2,198,359
5	Advances repaid by:		
	MAS Rural Housing & Mortgage Finance Ltd.	1,235,487	2,198,359
6	Advances received from:		
	MAS Rural Housing & Mortgage Finance Ltd.	212,487	24,824
7	Advances repaid to:		
	MAS Rural Housing & Mortgage Finance Ltd.	212,487	24,824
	Remuneration paid:		
8	Mr. Kamlesh C. Gandhi	7,431,127	5,246,893
	Mr. Mukesh C. Gandhi	7,370,597	5,183,310
9	Guarantee given:		
	MAS Rural Housing & Mortgage Finance Ltd.	100,000,000	100,000,000
10	Guarantee outstanding as at year end:		
	MAS Rural Housing & Mortgage Finance Ltd.	91,964,305	10,000,000
11	Investment in Equity Shares of:		
	MAS Rural Housing & Mortgage Finance Ltd.	17,500,000	-
12	Outstanding receivables as at year end:		
	MAS Rural Housing & Mortgage Finance Ltd. – Deposit	-	460,965
	MAS Rural Housing & Mortgage Finance Ltd. – Accrued Interest	-	9,207



35. Suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA) have not furnished the information regarding filing of necessary memorandum with appointed authority. In view of this, information required under MSMEDA to that extent is not given.
36. Balances of trade payables and loans and advances are subject to confirmation. Adjustments, if any required, will be made on settlement of the account of the parties.
37. The disclosures required in terms of Paragraph 13 of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are given in Annexure A forming part of these Financial Statements.

38. Amounts remitted in foreign currency during the year on account of dividend

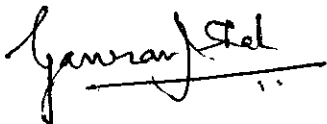
	Year ended 31 st March, 2012	Year ended 31 st March, 2011
	Rupees	Rupees
Amount of dividend remitted in foreign currency	30,429,763	30,429,763
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	1	1
Total number of Compulsorily Convertible Cumulative Preference Shares held by them on which dividend was due	43,471,090	43,471,090
Year to which the dividend relates	2010-11	2009-10

39. Previous Year's Figures

The Company prepares and presents its financial Statements as per Schedule VI to the Companies Act, 1956, as applicable to it from time to time. In view of revision to the Schedule VI as per a notification issued during the year by the Central Government, the financial Statements for the year ended 31st March, 2012 have been prepared and presented as per the requirements of the Revised Schedule VI to the Companies Act, 1956. The previous year figures have been accordingly regrouped / reclassified to conform to the current year's classification.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants



Gaurav J. Shah
Partner

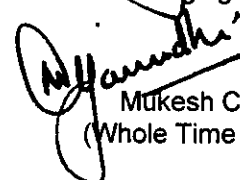


Prachi Kanodia
(Company Secretary)

For and on behalf of Board of Directors



Kamlesh C. Gandhi
(Chairman & Managing Director)



Mukesh C. Gandhi
(Whole Time Director)

Place: Ahmedabad.

Date : 30th May, 2012

Place: Ahmedabad

Date : 30.05.2012



ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

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

(Rs. In Lakhs)

Particulars	Year ended 31 st March 2012	
<u>Liabilities side :</u>		
(1) Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but not paid	Amount Outstanding	Amount Overdue
(a) Debentures : Secured	3,850.53	NIL
: Unsecured (other than falling within the meaning of Public deposits*)	NIL	NIL
(b) Deferred Credits	NIL	NIL
(c) Term Loans	11,138.59	NIL
(d) Inter-corporate loans and borrowing	NIL	NIL
(e) Commercial Paper	NIL	NIL
(f) Other Loans:		
From Banks	22,713.61	NIL
From a Company	NIL	NIL
Security Deposits	5,716.92	NIL
*Please see note 1 Below		
<u>Assets side:</u>		
	Amount Outstanding	
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]		
(a) Secured	21,410.68	
(b) Unsecured	19,499.40	
(3) Break up of leased Assets and stock on hire and other assets counting towards AFC Activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	NIL	
(b) Operating lease	NIL	
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	NIL	
(b) Repossessed Assets	NIL	
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been Repossessed	NIL	
(b) Loans other than (a) above	NIL	
(4) Break-up of Investments :		
<u>Current investments :</u>		
1. <u>Quoted :</u>		
(i) Shares :	(a) Equity	NIL
	(b) Preference	NIL
(ii) Debentures and Bonds		NIL
(iii) Units of mutual funds		NIL

ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

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

2. Unquoted :

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

Long Term Investments :

1. Quoted :

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

2. Unquoted :

(i)	Shares :	(a) Equity	1075.07
		(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	21,410.68	19,499.40	40,910.08
Total	21,410.68	19,499.40	40,910.08

ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

- (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	1,075.00	1,075.00
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties **	12.34	8.31
Total	1,087.34	1,083.31

** 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	635.98
(ii)	Net Non-Performing Assets	
(a)	Related parties	NIL
(b)	Other than related parties	547.18
(iii)	Assets acquired in satisfaction of debt	92.70

Notes:

- As defined in paragraph 2 (1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms are applicable as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

ANNEXURE B (Forming part of the financial statements)

Notes to the Balance Sheet

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

CRAR (Capital to Risk Asset Ratio)

Items		Current Year	Previous Year
i)	CRAR (%)	24.02	27.79
ii)	CRAR – Tier I Capital (%)	15.98	17.90
iii)	CRAR – Tier II Capital (%)	8.04	9.89

Exposures

Exposure to Real Estate Sector

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

ANNEXURE B (Forming part of the financial statements)

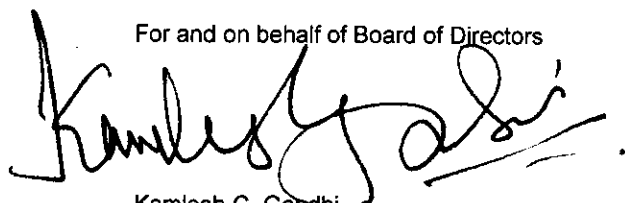
Notes to the Balance Sheet

Asset Liability Management

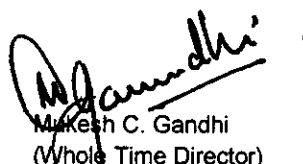
Maturity pattern of certain items of assets and liabilities

(Rs. in crores)									
	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks (including NCDs)	3.16	8.99	9.76	21.06	25.25	78.02	0.07	0.00	146.31
Market Borrowings	0.00	0.00	0.54	0.53	0.00	0.00	0.00	0.00	1.07
Assets									
Advances	53.31	38.25	37.70	84.53	111.77	81.33	1.86	0.34	409.09
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.00	0.08

For and on behalf of Board of Directors



Kamlesh C. Gandhi
(Chairman & Managing Director)



Makesh C. Gandhi
(Whole Time Director)



Prachi Kanodia
(Company Secretary)

Place: Ahmedabad.

Date : 30.05.2012

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

I.	Registration details	
	Registration No. :	26064
	State Code :	04
	Balance Sheet Date :	31 ST MARCH 2012
II.	Capital raised during the year	(Amount Rs. In Thousands)
	Public Issue :	NIL
	Right Issue :	NIL
	Bonus Issue :	5000
	Private Placement :	NIL
III.	Position of Mobilisation and Deployment of Funds	(Amount Rs. In Thousands)
	Total Liabilities :	5887012
	Total Assets :	5887012
	Sources of Funds	
	Paid-Up Capital :	934711
	Reserve & Surplus :	306022
	Deferred Subsidy :	362
	Non-current Liabilities :	1004944
	Current Liabilities :	3640973
	Deferred Tax Liability :	NIL
	Application of Funds	
	Net Fixed Assets :	61148
	Investments :	108331
	Deferred Tax Assets :	1314
	Current Assets :	4800113
	Non-current Assets :	916106
	Accumulated Losses :	NIL
IV.	Performance of the Company	(Amount Rs. In Thousands)
	Total Income :	1059133
	Total Expenditure :	785122
	Profit Before Tax :	274011
	Profit After Tax :	183268
	Earnings per share (Rs.) :	11.07
	Dividend Rate (%) on Equity Shares :	22.50

V.

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

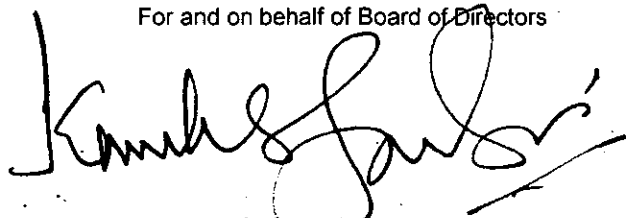
Item Code No.

Product description


: Not Applicable

: Loans under Loans cum
Hypothecation Agreements.

For and on behalf of Board of Directors



Kamlesh C. Gandhi
(Chairman & Managing Director)



Mukesh C. Gandhi
(Whole Time Director)



Prachi Kanodia
(Company Secretary)

Place: Ahmedabad.

Date : 30.05.2012