

NOTICE

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

ORDINARY BUSINESS:

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

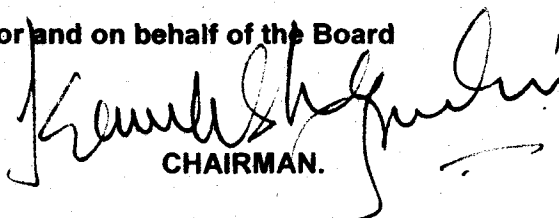
SPECIAL BUSINESS

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

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

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

For and on behalf of the Board



CHAIRMAN.

Place : AHMEDABAD

Date : 28TH JULY, 2010

NOTES :

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

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF COMPANIES ACT, 1956.****ITEM NO. 5**

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

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

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

None of the Directors interested in the said resolution.

Place : AHMEDABAD
Date : 28TH JULY, 2010

For and on behalf of the Board


CHAIRMAN.

DIRECTORS' REPORT

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

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

FINANCIAL RESULTS :

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

BUSINESS PERFORMANCE.

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

PROSPECTS AND DEVELOPMENTS:-

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

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

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

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

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

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

RESOURCES:

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

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

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

RISK MANAGEMENT

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

Your Company continues to give prime importance to the function of receivables management, as it considers this the ultimate reflection of the correctness of marketing strategy as well as appraisal techniques. The company achieved almost 94% recovery, with overdue of 6% only. It may be noted that the above mentioned 6% debtors are under strictest surveillance of follow up. The NPA Accounts of the company is ₹ 2.63 Crore which is approximately 0.68% of Credit exposure which includes managed portfolio.

CAPITAL

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

DIVIDEND

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

STATUTORY COMPLIANCE :

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

INSURANCE:

The assets of your Company have been adequately insured.

LEGISLATIVE AND REGULATORY ISSUES

We continue to pursue our most justified demands for providing level playing field to the NBFCs. It is indeed unfortunate that the genuine demands of NBFCs continue to remain unresolved. Over the years, regulation has, rightly focused on investor's protection. It must however be borne in mind, that the most important element in investor's protection is a healthy NBFC sector. Investor's protection can only be strengthened if NBFCs have the legal remedies to protect their assets.

The denial of the legal remedies and tax benefit that are available to banks and housing finance companies is clearly without justification and fails the test of equity. The Parliamentary Standing Committee on Finance has also made several recommendations towards providing NBFCs a level playing field with banks. The industry association should once again urge the Government and RBI to take immediate steps to restore parity among the various constituents in the financial system.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts for the Financial Year ended 31st March, 2010 the applicable accounting standards have been followed.
2. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit for the period from 1st April, 2009 to 31st March, 2010.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The annual accounts for the financial year ended 31st March 2010 have been prepared on a "Going Concern Basis".

STATUTORY INFORMATION

Particulars of Employees

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

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

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

AUDITORS.

M/s. Deloitte Haskins & Sell, auditors of the Company retire at the ensuing Annual General Meeting of the company and are eligible for reappointment. The members are requested to consider their reappointment for the financial year 2010-11.

DIRECTORS.

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

ACKNOWLEDGEMENT.

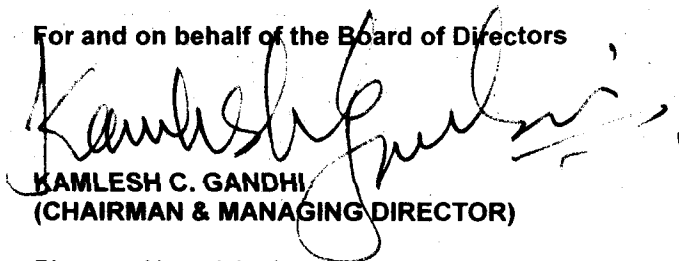
The Directors place on record their appreciation to all those people, who have so willingly placed their trust in the company & management and to more than 3.25 lacs customers across the length and breadth of the states of Gujarat, Rajasthan and Maharashtra, who have given the company opportunity to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

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

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

Best Wishes,

For and on behalf of the Board of Directors

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

KAMLESH C. GANDHI
(CHAIRMAN & MANAGING DIRECTOR)

Place : Ahmedabad.

Date : 28th July, 2010.

Deloitte Haskins & Sells

Deloitte Haskins & Sells
Chartered Accountants
'Heritage', 3rd Floor,
Plot 8, Sector 17B, Gurgaon,
Haryana - 122 002.
New Delhi - 110 004.
Tel: (91) (79) 2752551
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AUDITORS' REPORT TO THE MEMBERS OF MAS FINANCIAL SERVICES LIMITED

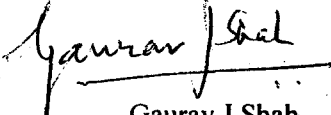
1. We have audited the attached Balance Sheet of **MAS FINANCIAL SERVICES LIMITED** ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of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

SLS

Deloitte Haskins & Sells

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

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


Gaurav J Shah
Partner
(Membership No.35701)

Ahmedabad, 28th July, 2010

Deloitte Haskins & Sells

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

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

SHG