



The Power of Distribution

21ST ANNUAL REPORT

2015-16

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

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of ~~MAS~~ **Financial Services Limited** will be held at the registered office of the Company on Wednesday, 29th June, 2016 at 12.00 Noon to transact the following business:

ORDINARY BUSINESS:

1. To adopt and approve the Audited Financial Statements for the year ended on 31st March, 2016 and the reports of the Directors, Secretarial Auditor and the Auditors thereon.
2. To declare final dividend on Equity shares and Preference Shares for the financial year 2015-16.
3. To consider re-appointment of Mr. Kamlesh C. Gandhi who retires by rotation and being eligible offer him-self for re-appointment.
4. To consider re-appointment of the Auditors and fixing their remuneration.

REGISTERED OFFICE:

6, Narayan Chambers,
B/h Patang Hotel,
Ashram Road,
Ahmedabad - 380009

DATED: 25TH MAY, 2016

BY ORDER OF THE BOARD OF DIRECTORS



**NIRAV PATEL
(COMPANY SECRETARY)
MEMBERSHIP NO.: A32979**

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

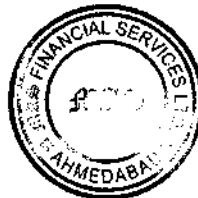
To,
The Members,
RAJ FINANCIAL SERVICES LTD
Ahmedabad

Your Directors are happy to present the 21ST ANNUAL REPORT of your Company together with the Audited Accounts drawn for the year ended on 31st March, 2016.

FINANCIAL RESULTS:

(Amount in ₹)

PARTICULARS	Year Ended on 31 st March, 2016	Year Ended on 31 st March, 2015
	RUPEES	RUPEES
Revenue from Operations	2,929,808,171	2,250,532,987
Other Income	9,248,700	8,540,899
Total Income	2,939,056,871	2,259,073,886
Total Expenditure	2,122,544,145	1,677,433,955
Profit Before Tax	816,512,726	581,639,931
Provision for Taxation (Including Current tax, Deferred Tax & Income Tax of earlier Years)	282,614,468	191,679,983
Net Profit	533,898,258	389,959,948
Profit Brought Forward	314,311,078	174,758,810
Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax)	-	(7,099,057)
Profit Available for Appropriation	848,209,336	557,619,701
APPROPRIATIONS:		
Transfer to Statutory Reserve	106,779,652	77,991,990
Interim Dividend on Equity and Preference Shares	126,056,570	-
Proposed Dividend on Equity and Preference Shares	10,096,014	104,952,340
Corporate Tax on Dividend on Equity and Preference Shares	27,593,128	21,368,298
Transfer to General Reserve	-	38,995,995
Short provision for dividend distribution tax of earlier year	-	-
Surplus Balance carried to Balance Sheet	577,683,972	314,311,078



BUSINESS PERFORMANCE:

In the year 2015-16 the Company crossed ₹ 2500 cr. AUM, registering a robust growth of 28% on YoY basis.

The gross income realized by the company is ₹ 293.91 Crore (Previous year ₹ 225.91 Crore) comprising of income from operations and other income. Net Profit after tax is ₹ 53.39 Crore (Previous year ₹ 39.00 Crore). Asset under Management is ₹ 2,564.97 Crore (Previous year ₹ 2000.01 Crore). This year's performance was aided by improvement in the macro-economic factors too.

PROSPECTS AND DEVELOPMENTS:

The company continues to pursue the strategy of being multi product and multi locational, thus giving the distinct edge from the risk management perspective. The focus across the product is of catering to the lower and the middle income segment, which is reckoned to be the key driver of our economy. Various products ranging from MSME (Micro, Small and Medium Enterprises) Home Loans (through its subsidiary MRHMFL) caters to the various needs of the vast section of the society.

There 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.

SMALL AND MEDIUM ENTERPRISE LOAN:

Introduction of machinery and working capital loans to the SME this year has shown lot of promise. We are in the process of understanding the segment and are keen to add value to all such small and medium enterprises by extending the most efficient financial services.

In consonance to our policy of building up quality assets, we are confident of creating inroads in this market too. We are planning to expand geographically, starting from Maharashtra.

PARTNERING WITH REGIONAL NBFCs AND NBFC-MFIs:

We firmly believe, that financial inclusion in a country like India is a function of efficient last mile delivery of credit, for which a very robust value chain has to be nurtured and developed. NBFCs in special play a pivotal role in this value chain.

Partnering with regional NBFCs and NBFC-MFIs for distribution of various products and providing them the line of credit also remains one of the major business plans. We firmly believe that the players having proximity to the region are the most potential organization 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 continue to get encouraging response from all our partner NBFCs and are keen to leverage the relationships for mutual benefits.



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DISTRIBUTION NETWORK:

The Company is in the process of consolidating its operations in the region of Rajasthan, Maharashtra, besides Gujarat. The Company has expanded its operations in Madhya Pradesh beyond Indore to Bhopal, Gwalior and Jabalpur. In Tamilnadu it operates through its Chennai and Coimbatore branches and Karnataka through its Bengaluru (Bangalore) and Hubli branches, taking the tally of the branches to 67 and the total centers covered to approx. 3200.

MRHMFL (MRS Rural Housing & Mortgage Finance Ltd.):

MRHMFL (MRS 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.

80 rural branches were added to the distribution network this year, which is expected to generate desired business in the year 2016-17. It is worth mentioning that despite of credit worthy customer class, ascertaining the title of the property remains a challenging job. The company is actively involved with all the stake holders to smoothen the process and is assertive in getting the right set of documents.

We will continue to pursue our efforts relentlessly and are confident of creating a quality portfolio and add value to the ecosystem we work in.

RESOURCES:

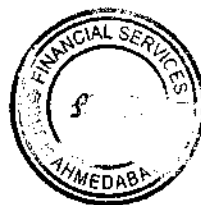
The company continues to enjoy the confidence of its current investors FMO, DEG and SARVA Capital (Previously known as LOK Capital) and acknowledges their constructive support. We firmly believe that, this will go a long way in realizing Company's vision.

The Company is always keen to partner with investors who can understand and appreciate our business model. Number of institutional investors continues to evince keen interest in the Company. The internal accruals of the Company and the business model pursued will successfully enable us to grow at a commendable pace of close to 30% per annum.

The Company has raised Tier – II Capital of ₹ 40 Cr. in the form of a sub debt from Capital First Ltd.

The Company by virtue of its performance over the years enjoys very good relationships with many leading banks and financial institutions. 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 years 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.



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HUMAN RESOURCE MANAGEMENT AT AAS:

Human Resource Management plays a very important role in realizing the Company's objective. The Company is managed by the active involvement of the promoters along with strategic inputs from a well-diversified and competent board.

The articulation and implementation of the strategies is carried on by the core team along with Team AAS. Core team at AAS is a group of dedicated and competent team of personnel, associated with the company almost since its inception and have always extended unstinting support besides, having identified and aligned their career objective with the company.

I trust with all the above qualities accompanied by the determination to excel, this team forms a formidable second line of management at AAS.

Your company will always strive to strengthen this most important resource in its quest to have enabling human capital.

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 99.11% recovery, with overdue of 0.89% only. It may be noted that the above-mentioned 0.89% debtors are under strictest surveillance of follow up. The Net NPA of the Company is 0.93% of Asset under Management.

CAPITAL

The Net worth of the Company as on 31st March 2016 is ₹ 227.86 Cr. inclusive of ₹ 16 Cr. Equity Share Capital. For the calculation of CRAR, the Net worth of the Company stands at ₹ 287.86 Cr. including ₹ 60 Cr. sub-ordinated debt (Tier-II Capital as per RBI Norms) issued by the Company.

PUBLIC DEPOSITS

The Company has not accepted deposit from public during the year and there was no deposit outstanding on 31st March 2016.

DIVIDEND

During the year Board has declared and paid interim dividend at the rate of 62.50% to the Equity Shareholders and 90% of aggregate dividend on 0.01% and 13.31% Cumulative Compulsory Convertible Preference Shares respectively.



The Board propose final dividend at the rate of 4.50 % for Equity Shareholders and recommended 10% of the aggregate dividend on 0.01% and 13.31% Cumulative Compulsory Convertible Preference Shares respectively for the year ended on 31st March, 2016.

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:

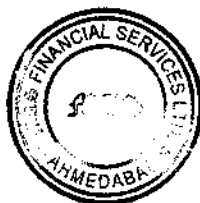
The assets of your Company have been adequately insured.

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

- a) In terms of Section 134(5) of the Companies Act, 2013, the directors would like to state that:
- b) In the preparation of the annual accounts, the applicable accounting standards had been followed.
- c) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- d) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- e) the directors had prepared annual accounts on a going concern basis.
- f) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- g) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.



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THE CHANGE IN NATURE OF BUSINESS:

There are no material changes and commitments, that would affect financial position of the Company from the end of the financial year of the Company to which the financial statements relate and the date of the directors report.

STATUTORY INFORMATION

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 & Sells, 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 2016-17.

DIRECTORS:

Pursuant to the provisions of Section 196, 197 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) Mr. Kamlesh Gandhi, Managing Director of the Company is liable to retire by rotation at the ensuing AGM and is eligible for reappointment.

Subject to the approval of the members in the general meeting, the Board of Directors appointed Mr. Kamlesh Gandhi as Managing Director liable to retire by rotation.

EXTRACT OF ANNUAL RETURN AS PER SECTION 92 (3) OF COMPANIES ACT 2013:

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure -A".

BOARD MEETINGS HELD DURING THE YEAR:

The Company had six Board Meetings during the financial year under review.

Sr No.	Date on which board Meetings were held	Total Strength of the Board	No of Directors Present
1	27.05.2015	7	5
2	16.06.2015	7	6
3	25.09.2015	7	6
4	04.11.2015	7	6
5	23.12.2015	7	7
6	18.03.2016	7	6



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A STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149:

The Company has received declarations from Shri. Jagdish Joshipura, Shri Chetan Shah, and Shri Bala Bhaskaran that they meet with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Companies Act, 2013.

MATTERS AS PRESCRIBED UNDER SUB-SECTIONS (1) AND (3) OF SECTION 178 OF THE COMPANIES ACT 2013:

The Company constituted its Nomination Committee on 23rd Dec, 2010 and the nomenclature of the Nomination committee was changed to "Nomination and Remuneration Committee" on 20th March, 2015 pursuant to Section 178 of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, by way of resolution passed in accordance with, provisions of the Companies Act 2013. The Nomination & Remuneration Committee consists of three independent directors and one whole time director. The powers and function of the Nomination and Remuneration Committee is stated in the Nomination and Remuneration Committee CHARTER OF ~~PLAS~~ FINANCIAL SERVICES LIMITED.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

PARTICULARS CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188:

As per AOC-2 attached with this report is annexed herewith as "Annexure -B".

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The Audit Committee consists of the following members:

- a) Mr. Bala Bhaskaran (Independent Director)
- b) Mr. Jagdish Joshipura (Independent Director)
- d) Mr. Chetan Shah (Independent Director)

The Company has established a vigil mechanism and oversees through the Committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company.

CSR POLICY:

The Company formed its CSR Policy on 19th September, 2014 pursuant to the provisions of Section 135 of Companies Act, 2013 and other applicable provisions (including any modification or re-enactment



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thereof). The main objective of the CSR Policy is to lay down guidelines for the Company to create necessary impact through various sustainable programs.

This Policy covers current as well as proposed CSR activities to be undertaken by the Company and examining their alignment with Schedule VII of the Act as amended from time to time. It includes strategy that defines plans for future CSR activities.

CSR meeting under the chairmanship of Dr. Jagdish Joshipura was held on 11th March, 2016. The key point discussed in the meeting was to create an enabling situation for the bright students of the Municipality schools for further studies. The company in the short time is hopeful of identifying such students for whom the fees and the necessary educational expenditure can be sponsored.

The Company is in the process of devising various such effective programmes.

DETAILS OF DIRECTORS OR KMP WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR:

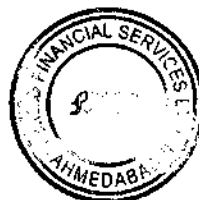
Sr no.	Name of the KMP or Director	Designation	Date of appointment	Date of Resignation
1	Mr. Venkatesh Natarajan	Director	17/02/2014	23/12/2015
2	Mr. Rajeshbabu Natrajan	Director	23/12/2015	-
3	Ms. Punita Maheshwari	Company Secretary	19/12/2014	23/12/2015
4	Mr. Nirav Patel	Company Secretary	23/12/2015	-

NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARY, JOINT VENTURES OR ASSOCIATE COMPANIES:

Sr no.	Name of the entity	Whether subsidiary, Joint ventures or associate companies	Date on which become	Date on which ceased
	None			

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 one million customers across all area under our operation, who have given the company an opportunity to serve them.



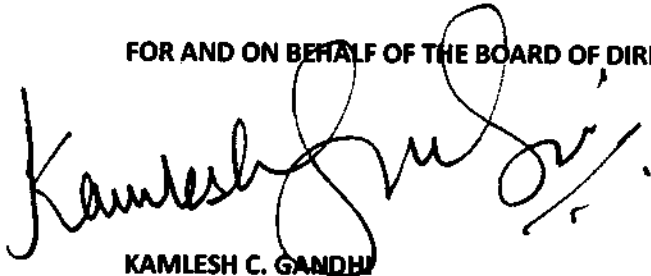
It is worth mentioning that, working with many NBFC-MFIs, NBFCs and HFCs has been a very encouraging experience especially in being catalyst to their sustainability and growth. The company looks forward to further strengthening the synergies.

The entire ~~MAS~~ Team deserves the appreciation for their sincere efforts and determination to excel. The core team of ~~MAS~~ plays a pivotal role in articulating and implementing the strategic decisions and thus contributing to the development of the company. I take this opportunity to express my heartfelt appreciation for their continuous support, hard work and dedication.

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)
DIN: 00044852



Place: Ahmedabad
Date: 25th May, 2016

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2016

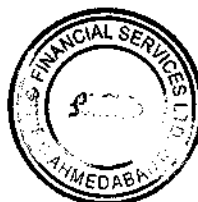
Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

1. REGISTRATION AND OTHER DETAILS:

1	CIN	U65910GJ1995PLC026064
2	Registration Date	25/05/1995
3	Name of the Company	MAS Financial Services Limited
4	Category/Sub-category of the Company	Company limited by shares
5	Address of the Registered office & contact details	6, Narayan Chambers, Ground Floor, B/h Patang Hotel, Ashram Road, Ahmedabad-380 009. Ph No. - 079-30016500
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
	The company is mainly into retail lending business, comprising of micro, small and medium enterprises, two wheelers, three wheelers & Multi-utility vehicles loans to individual borrowers and loans to MFI and NBFC. The company has 65 branches and is catering to 3500 centers with centralized credit and back office system with centralized credit at Central Processing Unit at head office, Ahmedabad.		100 % to total turnover of the Company.



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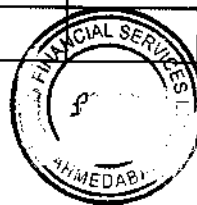
3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	Mas Rural Housing & Mortgage Finance Limited Address: 4th Floor, Narayan Chambers , B/h Patang Hotel, Ashram Road, Ahmedabad-380 009.	U74900GJ2007PLC051383	Subsidiary	Holding 1,07,50,000 shares in Mas Rural Housing & Mortgage Finance Limited	

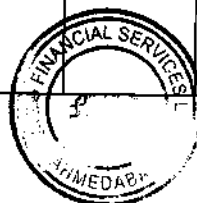
4. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

I) CATEGORY-WISE SHAREHOLDING

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1) Indian									None
a) Individual/HUF	6029899	9969270	15999169	99.994%	6029899	9969270	15999169	99.994%	
b) Central Govt. Or State Govt.									
c) Bodies Corporate									
d) Bank/FI									
e) Any other									
SUB TOTAL: (A) (1)	6029899	9969270	15999169	99.994%	6029899	9969270	15999169	99.994%	
(2) Foreign									None
a) NRI-Individuals									
b) Other Individuals									
c) Bodies Corp.									



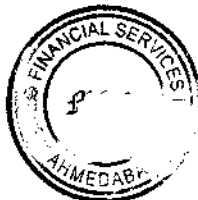
d) Banks/FI									
e) Any other									
SUB TOTAL: (A) (2)									
TOTAL SHAREHOLDING OF PROMOTER (A)= (A)(1)+(A)(2)	6029899	9969270	15999169	99.994%	6029899	9969270	15999169	99.994%	
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds									
b) Banks/FI	125	75	200	0.002%	125	75	200	0.002%	
c) Cenntal govt									
d) State Govt.									
e) Venture Capital Fund									
f) Insurance Companies									
g) FIIS									
h) Foreign Venture Capital Funds									
i) Others (specify)									
SUB TOTAL (B)(1):	125	75	200	0.002%	125	75	200	0.002%	
(2) Non Institutions									
a) Bodies corporates									
i) Indian									
ii) Overseas									
b) Individuals	-	756	756	0.004%	-	756	756	0.004%	
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs									
ii) Individuals shareholders holding nominal share capital in									



excess of Rs. 1 lakhs									
c) Others (specify)									
SUB TOTAL (B)(2):	-	756	756	0.004%	-	756	756	0.004%	
TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)	125	831	956	0.006%	125	831	956	0.006%	
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS									
GRAND TOTAL (A+B+C)	6030024	9970101	16000125	100.00%	6030024	9970101	16000125	100.00%	

II) SHARE HOLDING OF PROMOTERS

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		NO. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	MUKESH C. GANDHI	2,823,987	17.65%	None	2,823,987	17.65%	None	
2	KAMLESH C. GANDHI	2,497,127	15.61%	None	2,497,127	15.61%	None	
3	SHWETA KAMLESH GANDHI	6,535,380	40.85%	None	6,535,380	40.85%	None	
4	MUKESH C. GANDHI (HUF)	3,620,193	22.63%	None	3,620,193	22.63%	None	
5	PRARTHANA MARKETING PRIVATE LIMITED	522,103	3.26%	None	522,103	3.26%	None	



III) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the year				

No Change

IV) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRS & ADRS)

Sl. No		Shareholding at the beginning of the year		Increase/Decrease in Share holding during the year	Reasons	Shareholding at the end of the year	
		No.of shares	% of total shares of the company			No.of shares	% of total shares of the company
1	Mr. Saurabh C. Chokshi	378	0.002%	-	-	378	0.002%
2	Urmilaben C. Gandhi	379	0.002%	-	-	379	0.002%
3	DEG – DEUTSCHE INVESTITIONS – UND ENTWICKLUNGS GESELLSCHAFT MBH	200	0.001%	-	-	200	0.001%



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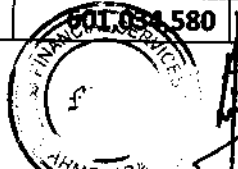
V) SHAREHOLDING OF DIRECTORS & KMP

Sl. No	Shareholding of Directors & KMP	Shareholding at the beginning of the year		Increase/ Decrease in Share holding during the year	Reasons	Shareholding at the end of the year	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company
1	Mr. Kamlesh C. Gandhi, Chairman and Managing Director	2,823,987	17.650%	-	-	2,823,987	17.650%
2	Mr. Mukesh C. Gandhi, Whole-Time Director and CFO	2,497,127	15.610%	-	-	2,497,127	15.610%
3	Mr. Bala Bhaskaran, Independent Director	378	0.002%	-	-	378	0.002%
4	Mr. Nirav Patel, Key Managerial Personnel	-	-	-	-	-	-

5. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	9,400,226,941	200,000,000	0	9,600,226,941
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	6,386,221	1,035,616	0	7,421,837
Total (i+ii+iii)	9,406,613,162	201,035,616	0	9,607,648,778
Change in Indebtedness during the financial year				
Addition	3,240,234,985	400,000,000	0	3,640,234,985
Reduction	1,301,150,465	0	0	1,301,150,465
Net Change	1,939,084,520	400,000,000	0	2,339,084,520
Indebtedness at the end of the financial year				
i) Principal Amount	11,339,311,461	600,000,000	0	11,939,311,461
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	10,148,600	1,034,580	0	11,183,180
Total (i+ii+iii)	11,349,460,061	601,034,580	0	11,950,494,641



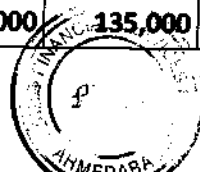
6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl No.	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		KAMLESH GANDHI, MD	MUKESH GANDHI, WTD	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	31,585,416	31,585,416	63,170,832
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others (specify)	-	-	-
5	Others, please specify(Electricity Charges Reimbursement)	186,090	17,370	203,460
	Total A	31,771,506	31,602,786	63,374,292
	Ceiling as per the Act	44,053,794	44,053,793	88,107,587

B. Remuneration to other directors:

Sl.No.	Particulars of Remuneration	Name of the Directors			Total Amount
		Bala Bhaskaran	Jagdish Joshipura	Chetan Shah	
1	Independent Directors				
	(a) Fee for attending board committee meetings	45,000	135,000	120,000	300,000
	(b) Commission	-	-	-	-
	(c) Others, please specify.	-	-	-	-
	Total (1)	45,000	135,000	120,000	300,000
2	Other Non Executive Directors	-	-	-	-
	(a) Fee for attending board committee meetings	-	-	-	-
	(b) Commission	-	-	-	-
	(c) Others, please specify.	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	45,000	135,000	120,000	300,000
	Total Managerial Remuneration	45,000	135,000	120,000	300,000



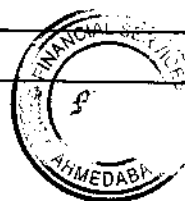
Overall Ceiling as per the Act.				
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C. Remuneration To Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		Chief Financial Officer	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others (specify)	-	-
5	Others, (Bonus , Gratuity & PF)	-	-
	Total	Nil	Nil
		Company Secretary	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	363,854	363,854
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others (specify)	-	-
5	Others, (Bonus , Gratuity & PF)	25,208	25,208
	Total	389,062	389,062

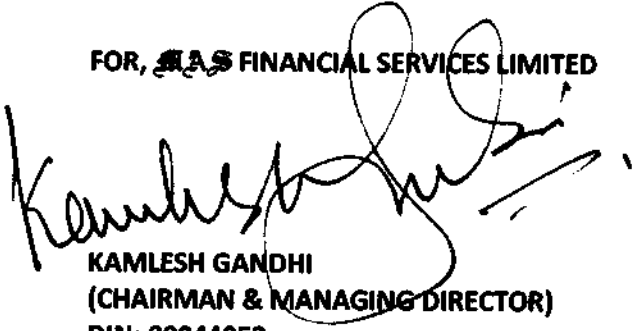
7. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES : None

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					



B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

FOR, ~~AS~~ FINANCIAL SERVICES LIMITED



KAMLESH GANDHI
(CHAIRMAN & MANAGING DIRECTOR)
DIN: 00044852



MAS FINANCIAL SERVICES LIMITED**FORM NO. AOC - 2**

(Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

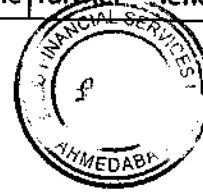
Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of Contracts or Arrangements or Transactions at Arms length basis for the year ended on 31st March, 2016.

Sr. No.	Name(s) of the related party & nature of relationship	Nature of contracts/arrangements/transaction	Duration of the contracts/arrangements/transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
1.	MAS Rural Housing & Mortgage finance Limited	Rendering of Services	One year	MFSL agrees to provide MRHMFL within the premises the amenities, services, facilities-Usage of commercial premises of MFSL, furnitures & fixtures including computers, telephone lines, networks, use of water and water supply, and other necessary amenities for carrying on business activities smoothly.	MRHMFL is in requirement of the premises, assets and infrastructure which is available with MFSL. So, to fully utilise the premises, MRHMFL has requested MFSL to provide several amenities, services, facilities-Usage of commercial premises for carrying on business smoothly.	16.06.2015	No such amount was paid as advances.	N.A.



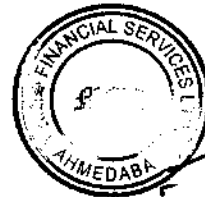
2.	MAS Rural Housing & Mortgage finance Limited	Rendering of Services	Two years	MRHMFL appoints MFSL as recovery agent to collect outstanding instalments and other dues from its customers and MFSL in consideration accepts appointment and agrees to provide the said service under the terms and conditions as set forth.	MRHMFL is in requirement of services for recovery of dues from customers at its various branches and MFSL has network executives at its various branches. So, to avail its services, MRHMFL has requested MFSL to provide services of recovery agent.	27.05.2015	No such amount was paid as advances.	N.A.
3.	Jain Sons Finlease Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s Jain Sons Finlease Limited and the outstanding balance as on 31 st March, 2016 is Rs. 17.99 Crores.	Jain Sons Finlease Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
4.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is no outstanding balance as on 31 st March, 2016.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
5.	Paras Capfin Company Private Limited	Rendering of Services	12 months	MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March, 2016 is Rs. 4.41 Crores.	Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
6.	Shubham Housing Development Finance Company Private Limited	Rendering of Services	48 months	MFSL agrees to grant term loans to M/s Shubham Housing Development Finance Company Private Limited and the	Shubham Housing Development Finance Company Private Limited was in requirement of funds for further lending and the	N.A.	Nil	N.A.



				outstanding balance as on 31 st March, 2016 is Rs. 11.92 Crores.	transaction was entered into in the ordinary course of business.			
7.	Suryoday Micro Finance Private Limited	Rendering of Services	18 months	MFSL agrees to grant term loans to M/s Suryoday Micro Finance Private Limited and there is no outstanding balance as on 31 st March, 2016.	Suryoday Micro Finance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.

2. Details of Contracts or Arrangements or Transactions not at Arms length basis.

Sl No.	Particulars	Details
a	Name(s) of the related party & nature of relationship	N.A
b	Nature of contracts/arrangements/transaction	N.A
c	Duration of the contracts/arrangements/transaction	N.A
d	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A
e	Justification for entering into such contracts or arrangements or transactions.	N.A
f	Date of approval by the Board	N.A
g	Amount paid as advances, if any	N.A
h	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A





Office : 401, Haash Complex, Nagri Hospital-Law Garden Road, Nr. Ellise Bridge Police Line, Ahmedabad-380006
Email Ids. welcome2pcs@gmail.com, alpesh1990_cs@yahoo.in Contact Nos. 8000133307

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

[Pursuant to section 204(1) of the Companies Act,
2013 and rule 9 of the Companies (Appointment and
Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MAS FINANCIAL SERVICES LIMITED
6, Narayan Chambers, Ground Floor, B/h Patang Hotel,
Ashram Road, Ahmedabad, Gujarat-380006

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. MAS Financial Services Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31 March 2016** ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31 March 2016** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Pertaining to Preference shares and NCD only)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not Applicable to the Company during the Audit Period)**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;





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- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the Audit Period)**
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not Applicable to the Company during the Audit Period)**
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period);**
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the Company during the Audit Period);**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period);** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period).**

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India **(Applicable from 01 July 2015 to 31 March 2016 during the audit period).**
- (ii) The Uniform Listing Agreement entered into by the Company with Stock Exchanges pursuant to the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 and other applicable regulations /guidelines/circulars as may be issued by SEBI from time to time. **(Pertaining to Preference shares and NCD only)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations/qualification: NIL





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Email Ids. welcome2pcs@gmail.com, alpesh1990_cs@yahoo.in Contact Nos. 8000133307

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- (a) Reserve Bank of India Act, 1932
- (b) The Employees Provident Funds and Miscellaneous Act, 1952 and Rules made thereunder;

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

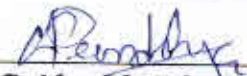
All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Ahmedabad
Date: May 25, 2016

**FOR, ALPESH DHANDHLYA & ASSOCIATES
COMPANY SECRETARIES**




**CS Alpesh Dhandhlya
(Proprietor)
ACS No. 32500
CP No. 12119**



Alpesh Dhandhlya & Associates

Company Secretaries

Office : 401, Haash Complex, Nagri Hospital-Law Garden Road, Nr. Ellise Bridge Police Line, Ahmedabad-380006
Email Ids. welcome2pcs@gmail.com, alpesh1990_cs@yahoo.in Contact Nos. 8000133307

To,

The Members,

MAS FINANCIAL SERVICES LIMITED

6, Narayan Chambers, Ground Floor, B/h Patang Hotel,
Ashram Road, Ahmedabad, Gujarat-380006

Our report of even date is to be read along with this letter.

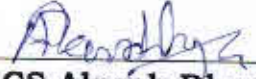
1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad

Date: May 25, 2016

**FOR, ALPESH DHANDHLYA & ASSOCIATES
COMPANY SECRETARIES**




**CS Alpesh Dhandhlya
(Proprietor)
CP No. 12119**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAS FINANCIAL SERVICES LIMITED
Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **MAS FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate



in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profits and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and 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 aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the standalone financial statements;



Deloitte Haskins & Sells

Chartered Accountants
19th Floor, Shapath-V
S. G. Highway
Ahmedabad - 380 015
Gujarat, India

Tel.: +91 (079) 6682 7300
Fax: +91 (079) 6682 7400

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.



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

Kartikeya Raval

(Kartikeya Raval)
(Partner)
(Membership No. 106189)

Place: Ahmedabad
Date: 25th May, 2016

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of
our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-
section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of MAS Financial Services Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



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

Kartikeya Raval

(Kartikeya Raval)
(Partner)
(Membership No. 106189)

Place: Ahmedabad
Date: 25th May, 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a 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) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

Particulars of the building	Gross Block (as at 31 st March, 2016) (Rs.)	Net Block (as at 31 st March, 2016) (Rs.)	Remarks
Office Building located at Unit No. 6, Ground Floor, Narayan Chambers, admeasuring 530 sq. ft.	14,48,042	10,91,500	The title deeds are in the joint name of partners of M/s Marketing and Allied Services, erstwhile partnership firm in which the Managing Director of the Company was a partner.
Office Building located at Unit No. 106 & 107, Basement, Narayan Chambers, admeasuring 424 sq. ft.	1,18,582	84,994	The title deeds are in the name of M/s Marketing and Allied Services, erstwhile partnership firm in which the Managing Director of the Company was a partner.



Particulars of the building	Gross Block (as at 31 st March, 2016) (Rs.)	Net Block (as at 31 st March, 2016) (Rs.)	Remarks
Office Building located at Unit Nos. 12,12/A,14,15 and 16, Third Floor, Narayan Chambers, admeasuring 1256 sq. ft.	19,22,833	15,76,539	The original title deeds of these properties have been pledged as security with a bank for loan taken and hence could not be verified. The said loan has been discharged and the Company is in the process of getting the documents released.
Office Building located at Unit Nos. 19,20,21 and 22, Fourth Floor, Narayan Chambers, admeasuring 1604 sq. ft.	14,42,631	11,86,503	
Office Building located at Unit No. 10, Fifth Floor, Narayan Chambers, admeasuring 550 sq. ft.	9,99,285	8,28,134	
Office Building located at Unit Nos. 11 and 12, Fifth Floor, Narayan Chambers, admeasuring 1188 sq. ft.	16,79,542	13,83,339	

Immovable properties of buildings, other than those stated in the table above, whose title deeds have been pledged as security for loans, are held in the name of the Company based on the confirmations directly received by us from the trustees of the lenders.



- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - a. The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
 - b. The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - c. There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014, as amended, would apply. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.



- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Act, 1961	Income -tax	Commissioner of Income Tax (Appeals)	AY 2013-14	27,45,770	27,45,770

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, moneys raised by way of or term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds.
- (x) 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 by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.



Deloitte Haskins & Sells

Chartered Accountants
19th Floor, Shapath-V
S. G. Highway
Ahmedabad - 380 015
Gujarat, India

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Fax: +91 (079) 6682 7400

- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is required to be registered under section 45-I of the Reserve Bank of India Act, 1934 and it has obtained the registration.



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

Kartikeya Raval

(Kartikeya Raval)
(Partner)
(Membership No. 106189)

Place: Ahmedabad
Date: 25th May, 2016

MAS FINANCIAL SERVICES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2016

	Notes	As at 31st March 2016 Rupees	As at 31st March 2015 Rupees
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	594,712,150	594,712,150
Reserves and Surplus	4	1,184,039,246	813,886,700
		1,778,751,396	1,408,598,850
Compulsorily Convertible Debentures (Unsecured) (Refer Note No.3.5)			
		499,800,000	499,800,000
Non-current liabilities			
Long-term borrowings	5	3,040,174,851	1,138,666,819
Other Long-term Liabilities	6	1,510,773,694	929,245,706
Long-term provisions	7	47,443,446	30,294,852
		4,598,391,991	2,098,207,377
Current liabilities			
Short-term borrowings	8	7,411,153,289	7,434,059,304
Trade payables :			
Total outstanding dues of micro enterprises and small enterprises (Refer Note No. 34)		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		45,801,351	13,890,459
Other current liabilities	9	3,725,720,228	3,205,724,133
Short-term provisions	10	82,497,267	167,795,108
		11,265,172,135	10,821,469,004
TOTAL		18,142,115,522	14,828,075,231
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets			
Tangible assets	11	63,730,613	44,174,910
Intangible assets		-	-
Capital Work-in-Progress		-	985,199
		63,730,613	45,160,109
Non-current investments			
Deferred tax assets (net)	12	110,233,121	110,994,334
Long-term loans and advances	13	30,079,546	22,540,474
Other non-current assets	14	4,818,673,084	3,447,871,086
	15	76,651,437	101,743,895
		5,035,637,188	3,683,149,789
Current assets			
Cash and Cash Equivalents	16	1,753,794,875	2,173,287,147
Short-term loans and advances	14	11,099,059,880	8,835,734,319
Other current assets	17	189,892,966	90,743,867
		13,042,747,721	11,099,765,333
TOTAL		18,142,115,522	14,828,075,231
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kartikaya Raval

Kartikaya Raval
Partner



Place : Ahmedabad
Date : May 25, 2016

For and on behalf of the Board of Directors

Kanlesh C. Gandhi

Kanlesh C. Gandhi
(Chairman & Managing Director)

Nirav P. Patel

Nirav Patel
(Company Secretary)

Mukesh C. Gandhi
Mukesh C. Gandhi
(Whole Time Director &
Chief Financial Officer)

Place : Ahmedabad
Date : 25/05/2016

MAS FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

	Notes	Year ended 31st March 2016 Rupees	Year ended 31st March 2015 Rupees
INCOME			
Revenue from Operations	18	2,929,808,171	2,250,532,987
Other Income	19	9,248,700	8,540,899
Total Revenue		2,939,056,871	2,259,073,886
EXPENSES			
Employee Benefits Expense	20	223,740,305	159,890,880
Finance Costs	21	1,339,857,324	1,055,434,315
Depreciation and Amortisation Expense	22	8,717,558	10,349,565
Provisions and Loan Losses	23	232,821,098	193,460,489
Other Expenses	24	317,407,860	258,298,706
Total Expenses		2,122,544,145	1,677,433,955
Profit Before Tax		816,512,726	581,639,931
Tax Expense / (Benefit):			
Current Tax		290,100,000	204,900,000
Short / (Excess) provision for tax relating to prior years		53,540	(5,699,917)
Net current tax expense		290,153,540	199,200,083
Deferred Tax		(7,539,072)	(7,520,100)
Net tax expense		282,614,468	191,679,983
Profit for the year		533,898,258	389,959,948
Earnings per share (of Rs. 10 each):	25		
Basic		31.19	22.19
Diluted		31.19	22.19
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kartikeya Raval

Kartikeya Raval
Partner



Nirav P. Patel

Nirav Patel
(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 &
Chief Financial Officer)

Place : Ahmedabad

Date : *May 25, 2016*

Place : Ahmedabad

Date : *25/05/2016*

MAS FINANCIAL SERVICES LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31st March 2016		Year ended 31st March 2015	
	Rupees		Rupees	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		816,512,726		581,639,931
Adjustments for :				
Depreciation and Amortisation	8,717,558		10,349,565	
Finance Costs charged to Statement of Profit and Loss	1,339,857,324		1,055,434,315	
Provision for Non Performing Assets	2,234,739		8,194,028	
Contingent Provision against Standard Assets	17,148,594		9,175,327	
Loss Assets Written Off	201,748,183		157,129,267	
Loss on Sale of Fixed Assets	609,976		-	
Loss on Sale of Repossessed Assets	11,689,582		18,961,867	
Depreciation Recouped from Deferred Subsidy	-		(83,044)	
Interest Income from investments and Deposits	(6,828,618)		(6,901,847)	
Dividend Income	(1,186,294)		(487,675)	
Profit on Redemption of Investment	(33,788)	1,573,957,256		1,251,771,803
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		2,390,469,982		1,833,411,734
Changes in Working Capital:				
Adjustments for (increase)/decrease in operating assets:				
Loans and Advances	(3,823,842,408)		(3,889,632,889)	
Deposits given as Collateral	59,578,362		28,800,819	
Other Current Assets	(109,343,581)		(45,301,097)	
Adjustments for increase/(decrease) in operating liabilities:				
Trade Payables	31,910,892		(6,130,422)	
Security Deposits from Borrowers	347,021,947		693,239,460	
Other Current Liabilities	257,051,420		202,493,884	
Short Term Provisions	1,148,480	(3,236,474,888)	1,187,758	(3,015,342,487)
CASH GENERATED FROM / (USED IN) OPERATIONS		(846,004,906)		(1,181,930,753)
Finance Costs	(1,307,264,410)		(1,004,822,502)	
Income Tax Paid (Net)	(277,467,253)	(1,584,731,663)	(214,716,236)	(1,219,538,738)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES [A]		(2,430,736,569)		(2,401,469,491)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets, including capital advances	(29,700,788)		(7,684,467)	
Proceeds from sale of Fixed Assets	2,700,000		-	
Bank balances not considered as Cash and Cash Equivalents				
- Fixed Deposits Matured	51,500,000		1,632,539	
- Fixed Deposits Placed	(56,306,000)		(10,061,539)	
Interest Income from Investments and Deposits	19,278,534		805,365	
Purchase of Long Term Investments	-		(2,663,206)	
Proceeds from redemption of Long Term Investments	795,001		-	
Dividend Income				
Subsidiary	645,000		483,750	
Others	3,794		3,925	
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES [B]		(11,084,459)		(17,483,633)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Non-Convertible Debentures	400,000,000		200,000,000	
Proceeds from Long Term Borrowings	3,263,141,000		1,333,743,919	
Repayments of Long Term Borrowings	(1,301,150,465)		(630,143,635)	
Net Increase / (Decrease) in Working Capital Borrowings	(22,906,015)		1,933,126,700	
Dividends paid including Dividend Distribution Tax	(278,043,643)		(69,411,351)	
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES [C]		2,061,040,877		2,767,315,633
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(380,780,151)		348,362,509
Cash and Cash Equivalents at the beginning of the year		2,126,523,002		1,778,160,493
Cash and Cash Equivalents at the end of the year		1,745,742,851		2,126,523,002



MAS FINANCIAL SERVICES LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Notes:

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

(a) Cash on Hand

(b) Balances with banks

(Includes Rs.893,546 in Current/ Cash Credit Accounts as at 31st March, 2016 (Rs.948,248 as at 31st March, 2015) in earmarked account i.e. "Collection and Payout Account", which can be utilised only for the specific identified purposes.)

Year ended 31st March 2016 Rupees	Year ended 31st March 2015 Rupees
3,914,337	3,946,844
1,741,828,514	2,122,576,158
1,745,742,851	2,126,523,002

2 The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013.

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

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kartikaya Raval

Kartikaya Raval
Partner



For and on behalf of the Board of Directors

Kamlesh C. Gandhi

Kamlesh C. Gandhi
(Chairman & Managing Director)

Nirav P. Patel

Nirav Patel
(Company Secretary)

Mukesh C. Gandhi

Mukesh C. Gandhi
(Whole Time Director &
Chief Financial Officer)

Place : Ahmedabad

Date : *May 25, 2016*

Place : Ahmedabad

Date : *25/05/2016*

MAS FINANCIAL SERVICES LIMITED

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 the business of providing Micro Enterprise Loans, SME Loans, Two Wheeler Loans, Commercial Vehicle Loans and loans to MFIs and NBFCs.

Note-2 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

1. SIGNIFICANT ACCOUNTING POLICIES :

A. BASIS OF ACCOUNTING :

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 ("the Act"). The financial statements have been prepared on accrual basis under the historical cost convention. 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. The Company assesses all receivables for their recovery and accordingly provisions for non-performing assets are enhanced as considered necessary. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

B. USE OF ESTIMATES :

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

C. FIXED ASSETS

Fixed assets are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on fixed assets after its purchase is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

D. DEPRECIATION/ AMORTISATION

Depreciable amount for assets is the cost of an asset less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. In respect of fixed assets purchased or put to use during the period, depreciation is provided on a pro-rata basis from the date on which such asset is purchased or put to use.

Intangible Assets are stated at cost and are amortized equally over a period of five years from the year of purchase.



E. IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the Statement of Profit and Loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

F. INVESTMENTS

Long term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investment includes acquisition charges such as brokerage, fees and duties.

G. GOVERNMENT GRANTS

Subsidies related to depreciable fixed assets are treated as deferred income which is recognised in the Statement of Profit and Loss over the periods and in the proportion 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 :

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 recognised on receipt basis.

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 stamp and documentation charges are recognised as income at the commencement of the contract.

Income from Assignment of receivables

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

I. OTHER INCOME :

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

J. REPOSSESSED ASSETS :

The value of repossessed assets is arrived at by deducting the estimated loss on realisation. The estimation of loss on realisation is done based on past track record of loss on sale of such assets.

K. EMPLOYEE BENEFITS

Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plan in the form of gratuity the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already



vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

L. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares, if determinable. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

M. TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

N. CASH AND CASH EQUIVALENTS (FOR PURPOSES OF CASH FLOW STATEMENT)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.



O. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

P. LEASES

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

Q. PROVISIONS AND CONTINGENCIES

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.



MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31st March 2016 Rupees	As at 31st March 2015 Rupees
Note 3. Share Capital		
Authorized		
21,500,000 Equity Shares of Rs. 10 each.	215,000,000	215,000,000
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
22,000,000 0.01% Compulsorily Convertible Cumulative Preference Shares of Rs. 10 each	220,000,000	220,000,000
22,000,000 13.31% Compulsorily Convertible Cumulative Preference Shares of Rs. 10 each	220,000,000	220,000,000
	1,120,000,000	1,120,000,000
Issued, Subscribed and Fully Paid-Up:		
16,000,125 Equity Shares of Rs. 10 each fully paid-up.	160,001,250	160,001,250
21,735,545 0.01% Compulsorily Convertible Cumulative Preference Shares of Rs. 10 each	217,355,450	217,355,450
21,735,545 13.31% Compulsorily Convertible Cumulative Preference Shares of Rs. 10 each	217,355,450	217,355,450
	594,712,150	594,712,150

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 2016		As at 31st March 2015	
	No. of Shares	Amount Rupees	No. of Shares	Amount Rupees
Equity Shares				
Outstanding at the beginning of the period	16,000,125	160,001,250	16,000,125	160,001,250
Changes during the period	-	-	-	-
Outstanding at the end of the period	16,000,125	160,001,250	16,000,125	160,001,250
13.31% Compulsorily Convertible Cumulative Preference Shares				
Outstanding at the beginning of the period	21,735,545	217,355,450	21,735,545	217,355,450
Changes during the period	-	-	-	-
Outstanding at the end of the period	21,735,545	217,355,450	21,735,545	217,355,450
0.01% Compulsorily Convertible Cumulative Preference Shares				
Outstanding at the beginning of the period	21,735,545	217,355,450	21,735,545	217,355,450
Changes during the period	-	-	-	-
Outstanding at the end of the period	21,735,545	217,355,450	21,735,545	217,355,450

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 of the Company, the equity shareholders will be entitled 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 18th March, 2016, declared an interim dividend of Rs. 6.25 per equity share. Further, the Board of Directors, in their meeting held on 25th May, 2016, proposed a final dividend of Rs. 0.45 per equity share. The total equity dividend appropriation for the year ended March 31, 2016 amounts to Rs. 128,899,085 including dividend distribution tax of Rs. 21,698,247. The total equity dividend for the year ended March 31, 2016 includes interim dividend of Rs. 120,361,042 including dividend distribution tax of Rs. 20,361,043.

During the year ended March 31, 2015, the amount of per share dividend recognized as distribution to equity shareholders was Rs.4.75. The total dividend appropriation for the year ended March 31, 2015 amounted to Rs. 91,474,315 including dividend distribution tax of Rs. 15,473,721.



(b) Compulsorily Convertible Cumulative Preference Shares

(i) 21,735,545 CCCPS of the face value of Rs. 10 each carry a right from 17th February, 2014 to be paid a fixed cumulative preferential dividend at the rate of 0.01% per annum. These CCCPS are automatically and fully convertible into equity shares, at a conversion price to be determined as per the terms of the Agreement, upon the expiry of a period of 13 years from the date of final issuance of these CCCPS i.e. from 13th October, 2008. However in the event of the Company deciding or contemplating an IPO of its equity shares prior to the mandatory conversion date, the CCCPS are convertible into equity shares at a conversion price to be determined as provided for in the agreement, based on the time of conversion.

The total dividend appropriation on these 0.01% CCCPS for the year ended March 31, 2016 amounts to Rs. 26,164 including dividend distribution tax of Rs. 4,426. The dividend for the year ended March 31, 2016 includes interim dividend of Rs. 23,547 including dividend distribution tax of Rs. 3,985.

The total dividend appropriation on these 0.01% CCCPS for the year ended March 31, 2015 amounted to Rs. 26,162 including dividend distribution tax of Rs. 4,426.

(ii) 21,735,545 CCCPS of the face value of Rs. 10 each carry a right from 17th February, 2014 to be paid a fixed cumulative preferential dividend at the rate of 13.31% per annum. These CCCPS are automatically and fully convertible into equity shares, at a conversion price to be determined as per the terms of the Agreement, upon the expiry of a period of 7 years from the effective date i.e. from 17th February, 2014. However in the event of the Company deciding or contemplating an IPO of its equity shares prior to the mandatory conversion date, the CCCPS are convertible into equity shares at a conversion price to be determined as provided for in the agreement based on the time of conversion.

The total dividend appropriation on these 13.31% CCCPS for the year ended March 31, 2016 amounts to Rs. 34,820,463 including dividend distribution tax of Rs. 5,890,453. The dividend for the year ended March 31, 2016 includes interim dividend of Rs. 31,338,416 including dividend distribution tax of Rs. 5,301,407.

The total dividend appropriation on these 13.31% CCCPS for the year ended March 31, 2015 amounted to Rs. 34,820,161 including dividend distribution tax of Rs. 5,890,151.

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.

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

Class of shares / Name of shareholder	As at 31st March 2016		As at 31st March 2015	
	Number of Shares	Percentage	Number of Shares	Percentage
Equity Shares				
Kamlesh C. Gandhi	2,497,127	15.61%	2,497,127	15.61%
Shweta Kamlesh Gandhi	6,535,380	40.85%	6,535,380	40.85%
Mukesh C. Gandhi (HUF)	3,620,193	22.63%	3,620,193	22.63%
Mukesh C. Gandhi	2,823,987	17.65%	2,823,987	17.65%
0.01% Compulsorily Convertible Cumulative Preference Shares				
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	21,735,545	100.00%	21,735,545	100.00%
13.31% Compulsorily Convertible Cumulative Preference Shares				
Sarva Capital LLC (formerly known as Lok Capital II LLC)	21,735,545	100.00%	21,735,545	100.00%

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

- (a) 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
- (b) 6,000,000 Equity Shares of Rs. 10 each fully paid-up were allotted as bonus shares by capitalisation of Capital Redemption Reserve during 2013-14

3.5 The Company has issued Compulsorily Convertible Debentures (CCDs) of nominal value aggregating to Rs. 49.98 crores.

Significant terms of the same as under :

- (a) The CCDs carry interest at the rate of 13% p.a. for 72 months from the date of investment and thereafter if the CCD's remain unconverted, the rate of interest will be 19.50% p.a. or maximum permissible interest payable under applicable law which ever is less.
- (b) The CCDs shall be fully and mandatorily converted into equity shares on a date which shall be either 31st March, 2020 or such other date as may be solely decided by the investor, provided that such date shall not extend beyond 19 years from 27th July 2012.
- (c) Each CCD will convert into such number of equity shares so as to give the investor the required return, without the investor being required to pay any amount for such conversion. The agreement provides that the price at which the conversion will take place will be in compliance with the FDI regulations.



5.1 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				
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of Rs. 10 lakhs each	400,000,000	-	Coupon Rate: 14.00% pa Coupon Payment frequency :Quarterly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor :7 years	N.A.
200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of Rs. 10 lakhs each	200,000,000	-	Coupon Rate: 13.50% pa Coupon Payment frequency :Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 6 years & 6 months	N.A.
Total Debentures	600,000,000	-		
Term Loans from Banks				
Term Loan - I	124,996,667	83,333,333	Repayable in 6 half yearly installments from 30/12/2015. Rate of interest: Base Rate + Spread Maturity Period: 2 - 3 years No. of Installments due: 5	Secured by exclusive charge on specific standard assets portfolio of receivables of the company
Term Loan - II	-	97,622,511	Repayable in 36 monthly installments from 07/10/2013. Rate of interest: Base Rate + Spread Maturity Period: less than 1 year 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	162,500,000	50,000,000	Repayable in 20 Quarterly installments from 30/09/2015. Rate of interest: Base Rate + Spread Maturity Period: 4-5 years No. of Installments due: 17	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed
Term Loan - IV	97,500,000	30,000,000	Repayable in 20 Quarterly installments from 30/09/2015. Rate of interest: Base Rate + Spread Maturity Period: 4-5 years No. of Installments due: 17	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed
Term Loan - V	125,178,740	134,330,220	Repayable in 36 monthly installments from 07/02/2015. Rate of interest: Base Rate + Spread Maturity Period:1-2 years No. of Installments due: 22	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed
Term Loan - VI	327,686,051	154,236,584	Repayable in 36 monthly installments from 07/02/2016. Rate of interest: Base Rate + Spread Maturity Period: 2-3 years No. of Installments due: 34	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed
Term Loan - VII	-	17,301,178	Repayable in 24 monthly installments from 31/08/2014. Rate of interest: Base Rate + Spread Maturity Period: less than 1 year No. of Installments due: 4	Secured by first and exclusive charge by way of hypothecation of book debts created out of the loan availed
Term Loan - VIII	-	68,648,603	Repayable in 24 monthly installments from 19/04/2015. Rate of interest: Base Rate + Spread Maturity Period: less than 1 year No. of Installments due: 11	Secured by first and exclusive charge by way of hypothecation of book debts created out of the loan availed



Term Loan - IX	33,333,352	33,333,324	Repayable in 36 monthly installments from 30/04/2015. Rate of interest: Base Rate + Spread Maturity Period: 2 years No. of Installments due: 24	Secured by a charge on all the present and future book debts, Out standings, Money receivables, Claims and Bills, which are due and owing or which may any time during the continuance of the security become due and owing to the Company in the course of its business.
Term Loan - X	66,666,667	50,000,000	Repayable in 36 monthly installments from 31/08/2015. Rate of interest: Base Rate + Spread Maturity Period: 2-3 years No. of Installments due: 28	Exclusive hypothecation charge on specific present and future receivables in respect of assets financed/ to be financed by bank.
Term Loan - XI	118,055,566	83,333,333	Repayable in 36 monthly installments from 14/09/2015. Rate of interest: Base Rate + Spread Maturity Period: 2-3 years No. of Installments due: 29	Exclusive hypothecation charge on specific present and future receivables in respect of assets financed/ to be financed by bank.
Term Loan - XII	133,333,328	66,666,672	Repayable in 36 monthly installments from 30/04/2016 Rate of interest: Base Rate + Spread Maturity Period: 3 years No. of Installments due: 36	Exclusive hypothecation charge on specific present and future receivables in respect of assets financed/ to be financed by bank.
Term Loan - XIII	54,545,455	36,363,636	Repayable in 11 Quarterly installments from 31/03/2016. Rate of interest: Base Rate + Spread Maturity Period: 2-3 years No. of Installments due: 10	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed
Term Loan - XIV	63,636,364	36,363,636	Repayable in 11 Quarterly installments from 30/06/2016. Rate of interest: Base Rate + Spread Maturity Period: 2-3 years No. of Installments due: 11	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed
Term Loan - XV	109,090,910	40,909,091	Repayable in 11 Quarterly installments from 30/09/2016. Rate of interest: Base Rate + Spread Maturity Period: 2-3 years No. of installments due: 11	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed
Term Loan - XVI	375,000,000	100,000,000	Repayable in 20 Quarterly installments from 29/03/2016. Rate of interest: Base Rate + Spread Maturity Period: 4-5 years No. of Installments due: 19	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed
Term Loan - XVII	204,500,000	116,400,000	Repayable in 12 Quarterly installments from 30/03/2016. Rate of interest: Base Rate + Spread Maturity Period: 2-3 years No. of Installments due: 11	Secured by exclusive charge on receivables of the company created out of the loan availed
Vehicle Loans - XVIII	5,552,280	3,733,816	Repayable in 36 monthly installments. Rate of interest: Fixed No. of Installments due: 28	Secured by hypothecation of the vehicle financed.
Vehicle Loans - XIX	734,972	495,892	Repayable in 36 monthly installments. Rate of interest: Fixed No. of Installments due: 28	Secured by hypothecation of the vehicle financed.
Total Term Loans from Banks	2,002,310,342	1,203,071,829		



Term Loans from Others				
Term Loans from a Financial Institution - I	-	16,667,601	Repayable in 36 monthly installments from 15/12/2013. Rate of interest: LTLR + Spread Maturity Period: less than 1 year No. of Installments due: 8	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - II	-	16,667,599	Repayable in 36 monthly installments from 15/12/2013. Rate of interest: LTLR + Spread Maturity Period: less than 1 year No. of Installments due: 8	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - III	19,438,000	33,336,002	Repayable in 36 monthly installments from 15/11/2014. Rate of interest: LTLR + Spread Maturity Period: 1-2 years No. of Installments due: 19	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - IV	33,332,800	33,333,600	Repayable in 36 monthly installments from 15/04/2015. Rate of interest: LTLR + Spread Maturity Period: 2 years No. of Installments due: 24	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - V	10,000,800	9,999,600	Repayable in 36 monthly installments from 15/04/2015. Rate of interest: LTLR + Spread Maturity Period: 2 years No. of Installments due: 24	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - VI	66,667,600	33,332,400	Repayable in 36 monthly installments from 15/04/2016. Rate of interest: LTLR + Spread Maturity Period: 3 years No. of Installments due: 36	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - VII	33,334,400	16,665,600	Repayable in 36 monthly installments from 15/04/2016. Rate of interest: LTLR + Spread Maturity Period: 3 years No. of Installments due: 36	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - VIII	166,000,000	84,000,000	Repayable in 36 monthly installments from 10/04/2016. Rate of interest: LTLR + Spread Maturity Period: 3 years No. of Installments due: 36	Secured by exclusive first charge by way of hypothecation of specific book debts of the company created out of the loan availed
Term Loans from a Financial Institution - IX	109,090,909	40,909,090	Repayable in 11 quarterly installments from 30/09/2016. Rate of interest: LTLR + Spread Maturity Period: 3 - 4 years No. of Installments due: 11	Secured by exclusive first charge by way of hypothecation of specific book debts of the company created out of the loan availed
Total Term Loans from Others	437,864,509	284,911,492		



MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	As at 31st March 2016 Rupees	As at 31st March 2015 Rupees
Note 6. Other Long Term Liabilities		
Security deposits received	1,466,996,928	899,963,797
Interest accrued but not due on security deposits	43,776,766	29,281,909
	1,510,773,694	929,245,706
Note 7. Long-term Provisions		
Contingent Provision against Standard Assets	47,443,446	30,294,852
	47,443,446	30,294,852
Note 8. Short-term borrowings		
Secured		
Loans repayable on demand:		
From Banks:		
Cash Credit and Overdrafts	3,261,153,289	3,384,248,687
Short Term Loans:		
From Banks	4,150,000,000	4,049,810,617
Unsecured		
Commercial Paper (Refer Note No. 8.1 below)	-	-
	7,411,153,289	7,434,059,304
8.1 The Company has issued Commercial Papers during the year. The maximum amount of Commercial Papers outstanding at any time during the year was Rs. 2,110,000,000 (Previous Year - Rs. 950,000,000).		
8.2 Cash Credits/Overdrafts/Short Term Loans from Banks are secured by hypothecation of movable assets of the Company and goods covered under HP Agreements/ Loan cum Hypothecation Agreements and relative book debts, receivables, loans and advances and entire portfolio outstanding (except specific portfolio generated from various term loans sanctioned by various banks/FIs on an exclusive basis) and equitable mortgage by deposit of title deeds on some of the Company's immovable properties, as collateral security. The loans are also guaranteed by two directors of the Company.		
Note 9. Other Current Liabilities		
Current Maturities of long-term debt (Refer Note No. 5)	1,487,983,321	1,027,500,818
Interest accrued but not due on borrowings	57,586,346	38,906,765
Other Payables:		
Statutory remittances (Contributions to PF and ESIC, Service Tax, etc.)	24,695,831	17,695,089
Dues to the assignees towards collections from assigned receivables (Refer Note No. 29(b))	799,031,497	558,337,816
Other Interest accrued but not due	84,311,640	80,517,865
Security deposits received	1,262,714,006	1,482,725,190
Bank overdraft as per book	2,461,837	-
Advance payments received	6,935,750	40,590
	3,725,720,228	3,205,724,133
Note 10. Short-term Provisions		
Provision for Employee Benefits		
Compensated Absences	5,425,063	4,276,583
Other Provisions		
Provision for Tax (net of Advance Tax)	25,616,871	-
Provision for Non-Performing Assets	39,432,626	37,197,887
Provision for proposed equity dividend	7,200,839	76,000,594
Provision for proposed preference dividend	2,895,175	28,951,746
Provision for dividend distribution tax on proposed equity dividend	1,337,204	15,473,721
Provision for dividend distribution tax on proposed preference dividend	589,489	5,894,577
	82,497,267	167,795,108



MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

Note 11. Fixed Assets

NATURE OF ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION					NET BLOCK	
	As at 1st April 2015	Additions during the year	Deductions during the year	As at 31st March 2016	As at 1st April 2015	For the year	Transition adjustment recorded against Surplus balance in Statement of Profit and Loss Rupees	On Deductions during the year	As at 31st March 2016	As at 31st March 2016	As at 31st March 2015
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Tangible assets											
Office Building	22,975,956	10,762,100	233,120	33,504,936	4,245,166	488,358	-	53,844	4,679,680	28,825,256	18,730,790
Furniture & Fixtures	27,698,970	1,614,044	-	29,313,014	17,957,462	2,673,151	-	-	20,630,613	8,682,401	9,741,508
Vehicles	11,236,515	16,074,565	7,820,922	19,490,158	6,307,061	1,979,623	-	4,690,829	3,595,855	15,894,303	4,929,454
Office Equipment	56,897,677	3,132,528	12,145	60,018,060	46,124,519	3,576,426	-	11,538	49,889,407	10,328,653	10,773,158
Total	118,809,118	31,583,237	8,066,187	142,326,168	74,634,208	8,717,558	-	4,756,211	78,595,555	63,730,613	44,174,910
Previous Year	111,309,850	7,499,268	-	118,809,118	54,145,071	9,734,619	10,754,518	-	74,634,208	44,174,910	
Intangible Assets											
Software	1,602,817	-	-	1,602,817	1,602,817	-	-	-	1,602,817	-	-
Total	1,602,817	-	-	1,602,817	1,602,817	-	-	-	1,602,817	-	-
Previous Year	1,602,817	-	-	1,602,817	987,871	614,946	-	-	1,602,817	-	-
Grand Total	120,411,935	31,583,237	8,066,187	143,928,985	76,237,025	8,717,558	-	4,756,211	80,198,372	63,730,613	44,174,910
Previous Year	112,912,667	7,499,268	-	120,411,935	55,132,942	10,349,565	10,754,518	-	76,237,025	44,174,910	

Note :

Gross Block of building includes Rs.1,566,624/- (Previous Year: Rs. 1,566,624/-) 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 2016

	Face Value Per Share/ Bond Rupees	As at 31st March 2016		As at 31st March 2015	
		No. of Shares/ Bonds	Rupees	No. of Shares/ Bonds	Rupees
Note 12. 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	10,750,000	107,500,000
(B) OTHERS:					
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	52
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.	2	15	2,904	15	2,904
ICICI Bank Ltd	2	15	4,560	15	4,560
IndusInd Bank Ltd.	10	102	4,590	102	4,590
Kotak Mahindra Bank Ltd.	5	500	1,950	250	1,950
Reliance Capital Ltd.	10	1	77	1	77
HDFC Ltd.	2	5	-	5	-
			109,631		109,631
Less : Provision for diminution			46,641		46,641
			62,990		62,990
In Government Securities:					
11.5% GOI BOND 2015	795,000		-		761,213
UNQUOTED					
In Equity Shares (Fully Paid-Up):					
Cosmos Co-operative Bank Ltd.	25	277	6,925	277	6,925
Investment in Pass Through Certificates					
Arkaios Multi Micro Finance Pool Trust 2015 Series A2	-	10	2,663,206	10	2,663,206
Total Non-Current Investment			110,233,121		110,994,334
1 Aggregate amount of Quoted Investments:					
Cost			109,631		870,844
Market Value			558,161		1,409,397
2 Aggregate amount of Unquoted Investments					
			110,170,131		110,170,131

	As at 31st March 2016 Rupees	As at 31st March 2015 Rupees
Note 13. Deferred Tax Asset		
Tax effect of items constituting Deferred Tax Liability		
1 On difference between book balance and tax balance of fixed assets	(1,864,031)	(1,853,919)
Tax effect of items constituting Deferred Tax Assets		
1 Provision for non-performing assets	13,646,843	12,643,562
2 Contingent Provision for Standard Assets	16,419,228	10,297,220
3 Provision for Compensated Absences	1,877,506	1,453,611
Total Deferred Tax Assets	31,943,577	24,394,393
Net Deferred Tax Assets	30,079,546	22,540,474



MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Non Current		Current	
	As at 31st March 2016 Rupees	As at 31st March 2015 Rupees	As at 31st March 2016 Rupees	As at 31st March 2015 Rupees
Note 14. Loans and advances				
(A) Loans to Customers				
(i) Secured				
Loans	3,406,687,750	2,569,599,409	5,385,303,761	4,716,953,948
Retained Interest on securitisation/assignment	143,993,204	165,784,210	537,638,557	335,278,047
Installments and other dues from borrowers	-	-	118,538,762	87,991,262
	3,550,680,954	2,735,383,619	6,041,481,080	5,140,223,257
(ii) Unsecured				
Loans	1,234,452,626	685,724,091	4,271,716,043	3,086,215,363
Retained Interest on securitisation/assignment	11,651,781	17,236,356	65,571,749	86,038,242
Installments and other dues from borrowers	-	-	208,852,848	193,308,324
	1,246,104,407	702,960,447	4,546,140,640	3,365,561,929
Total Loans to Customers (A)	4,796,785,361	3,438,344,066	10,587,621,720	8,505,785,186
Of the above:				
Considered Good	4,796,785,361	3,438,344,066	10,548,189,094	8,468,587,299
Considered Doubtful - Non Performing Assets	-	-	39,432,626	37,197,887
	4,796,785,361	3,438,344,066	10,587,621,720	8,505,785,186
Notes:				
14.1 Secured exposures are exposures secured wholly or partly by hypothecation of assets and/or undertaking to create a security.				
14.2 Percentage of loans against gold to total assets			0.0004%	0.0013%
(B) Other Loans and Advances				
(i) Advance Funding				
Unsecured - considered good	-	-	501,192,912	324,800,103
(ii) Security deposits				
Unsecured, considered good	4,130,362	3,802,993	-	-
(iii) Advances to employees				
Unsecured, considered good	-	-	1,164,819	1,166,186
(iv) Prepaid expenses				
	-	-	668,632	679,858
(v) Advances recoverable in cash or kind				
Unsecured, considered good	-	-	8,411,797	3,302,986
(vi) Capital Advances				
Unsecured, considered good	553,750	1,451,000	-	-
(vii) Advance Tax and TDS (Net of provisions)				
Unsecured, considered good	17,203,611	4,273,027	-	-
Total Other Loans and Advances (B)	21,887,723	9,527,020	511,438,160	329,949,133
Total Loans and Advances (A) + (B)	4,818,673,084	3,447,871,086	11,099,059,880	8,835,734,319



MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

		As at 31st March 2016 Rupees	As at 31st March 2015 Rupees
Note 15. Other Non-Current Assets			
Non-current Bank Balances			
In Fixed Deposit Accounts:			
Deposits given as security against borrowings and other commitments		65,662,000	66,856,000
Deposits given as collateral against assets securitised/assigned		-	15,793,100
Unamortised Borrowing Costs		7,407,012	3,095,017
Interest Accrued on Deposits		3,582,425	15,999,778
		76,651,437	101,743,895
	Non Current	Current	
	As at 31st March 2016 Rupees	As at 31st March 2015 Rupees	As at 31st March 2016 Rupees
			As at 31st March 2015 Rupees
Note 16. Cash and Cash Equivalents (As per AS3 Cash Flow Statements)			
(A) Cash and Cash Equivalents			
Cash on Hand	-	-	3,914,337
Balances with Banks:			
In Current/ Cash Credit Accounts (Refer Note No. 16.1 below)	-	-	1,741,828,514
Total Cash and Cash Equivalents (As per AS3 Cash Flow Statements)	-	-	1,745,742,851
(B) Other Bank Balances			
In Fixed Deposit Accounts			
Deposits given as security against borrowings and other commitments	65,662,000	66,856,000	8,052,024
Deposits given as collateral against assets securitised/assigned	-	15,793,100	-
Total Other Bank Balances	65,662,000	82,649,100	8,052,024
Less:-			
Amount disclosed under non current assets	65,662,000	82,649,100	-
Total Cash and Cash Equivalents (A + B)	-	-	1,753,794,875
			2,173,287,147
Note:			
16.1 Includes Rs. 893,546 (As at 31st March, 2015 Rs. 948,248) in earmarked account i.e. "Collection and Payout Account".			
Note 17. Other Current Assets			
Unamortised Borrowing Costs		25,461,708	25,398,404
Dividend Income Receivable			
From Subsidiary		537,500	-
Interest Accrued			
On Investments		-	32,563
On Loans and Advances		152,013,788	53,138,181
On Deposits		2,430,998	1,504,139
		154,444,786	54,674,883
Re-possessed Assets		9,448,972	10,670,580
		189,892,966	90,743,867



MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31st March 2016 Rupees	Year ended 31st March 2015 Rupees
Note 18. Revenue from operations		
(a) Income from Financing Activity		
i) Interest	2,687,383,877	2,048,764,424
ii) Other Operating Revenue Service Charges, Stamp & Document Charges etc.	239,972,992	196,059,621
(b) Interest on deposits placed as collateral towards assets assigned / securitised	2,105,514	5,279,587
(c) Income from Non-Financing Activity	345,788	429,355
	2,929,808,171	2,250,532,987
Note 19. Other Income		
Interest Income:		
On Investments - Non-Current, Non-Trade, Quoted (Govt. Securities)	13,150	91,425
On Bank Deposits	6,815,468	6,810,422
Dividend Income:		
From Long-Term Investments:		
Subsidiary	1,182,500	483,750
Others	3,794	3,925
Profit on Redemption of Long Term Investment	33,788	-
Other Non-Operating Income:		
Rent	1,200,000	1,068,333
Miscellaneous Income	-	83,044
	9,248,700	8,540,899
Note 20. Employee Benefits Expense		
Salaries, Bonus and Allowances	210,098,379	151,198,032
Contributions to Provident & Other Funds	7,488,826	4,887,093
Staff Welfare Expenses	6,153,100	3,805,755
	223,740,305	159,890,880
Note 21. Finance Costs		
Interest:		
On Bank Borrowings	844,275,422	740,414,346
On Debentures	135,724,612	66,009,616
On Others	240,580,545	184,910,164
	1,220,580,579	991,334,126
Discount on Commercial Papers	53,766,280	23,478,050
Other Borrowing Costs	65,510,465	40,622,139
	1,339,857,324	1,055,434,315



MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31st March 2016 Rupees	Year ended 31st March 2015 Rupees
Note 22. Depreciation and Amortisation		
Depreciation on tangible assets	8,717,558	9,734,619
Amortisation of intangible assets	-	614,946
	8,717,558	10,349,565
Note 23. Provisions and Loan Losses		
Loss Assets Written Off	201,748,183	157,129,267
Loss on Sale of Repossessed Assets (Net)	11,689,582	18,961,867
Provision for Non-Performing Assets	2,234,739	8,194,028
Contingent Provision against Standard Assets	17,148,594	9,175,327
	232,821,098	193,460,489
Note 24. Other Expenses		
Rent	13,423,338	13,078,408
Rates & Taxes	2,673,610	2,492,703
Stationery & Printing	9,706,864	7,695,129
Telephone	7,108,600	7,322,134
Electricity	4,913,846	5,639,189
Postage & Courier	7,063,080	5,544,822
Insurance	9,170,180	7,856,072
Conveyance	20,382,543	16,526,610
Travelling	24,144,279	17,131,149
Repairs & Maintenance:		
Building	2,890,270	652,127
Others	7,906,084	7,165,284
	10,796,354	7,817,411
Professional Fees (Refer Note No. 24.1 below)	34,765,671	15,806,067
Director's Sitting Fees	300,000	295,000
Legal Expenses	16,754,365	16,806,816
Bank Charges	15,115,949	12,609,245
Commission	73,230,003	64,276,492
Advertisement Expenses	11,629,924	11,723,730
Sales Promotion Expenses	10,050,357	5,999,807
Donation	-	1,000
Loss on Sale of Fixed Assets	609,976	-
Recovery Contract Charges	33,982,389	29,680,227
Miscellaneous Expenses	11,586,532	9,996,695
	317,407,860	258,298,706
Note 24.1		
Professional fees include Payment to Statutory Auditors		
As Auditors:		
Statutory Audit Fees	1,582,000	1,235,960
Other Services	396,955	313,708
	1,978,955	1,549,668



MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

	Year ended 31st March 2016 Rupees	Year ended 31st March 2015 Rupees
Note 25. Earnings Per Share		
(A) Basic		
Computation of Profit (Numerator)		
Net Profit for the year	533,898,258	389,959,948
Less: Preference dividend including tax thereon.	34,846,627	34,846,323
Net Profit for the year attributable to Equity Shareholders	499,051,631	355,113,625
Computation of Weighted Average Number of Shares (Denominator)		
Weighted average number of Equity Shares of Rs. 10 each used for calculation of basic Earnings per Share	Nos. 16,000,125	Nos. 16,000,125
Basic Earnings per Share of face value of Rs. 10 each (in Rs.)	31.19	22.19
(B) Diluted		
Computation of Profit (Numerator)		
Net Profit attributable to Equity Shareholder's as above	Rupees 499,051,631	Rupees 355,113,625
Computation of Weighted Average Number of Shares (Denominator) (Refer Note below)		
Weighted average number of Equity Shares as above	Nos. 16,000,125	Nos. 16,000,125
Diluted Earnings per Share of face value of Rs. 10 each (in Rs.) (Refer Note below)	31.19	22.19
Note		
Since the number of equity shares issuable on conversion of Compulsorily Convertible Cumulative Preference Shares and Compulsorily Convertible Debentures, is not determinable at present, the weighted average number of equity shares for computing diluted earnings per share is not ascertainable. Under the circumstances its consequential effect on dilution of earnings per share, has not been considered.		



MAS FINANCIAL SERVICES LIMITED

Notes Forming Part of the Financial Statements:

26. Contingent Liabilities and Commitments (to the extent not provided for)

Particulars	As at 31 st March 2016 Rupees	As at 31 st March 2015 Rupees
I) In respect of disputed Income-tax matters :	2,816,490	Nil
II) Guarantees given on behalf of subsidiary Company :		
a) To banks Amount of guarantees Rs.700,000,000 (Previous Year Rs.700,000,000) Amount of loans outstanding	388,006,100	479,017,973
b) To National Housing Bank (NHB) Amount of guarantee Rs.120,000,000 (Previous Year Rs.120,000,000) Amount of loan outstanding	100,662,000	60,969,000
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
a) Tangible Assets	1,061,250	700,000
b) Intangible Assets	700,000	-

27. The company was required to spend gross amount of Rs 9,600,346 (Previous Year: Rs. 7,549,492) on Corporate Social Responsibility activities against which the amount spent during the year is Rs. Nil. (Previous Year: Rs. Nil)

28. As per the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential norms (Reserve Bank) Directions, 2015 the overdue period stipulated in sub-clauses (a) to (f) of clause (xix) to paragraph 2 is "five months or more" for the financial year ending 31st March, 2016 and "four months or more" for the financial year ending 31st March, 2017. However the Company has done early adoption of the "four months or more" criteria for the financial year ending 31st March, 2016 and is compliant with the requirement for the financial year ending 31st March, 2017 as prescribed in the RBI Framework.

29. The company sells loans through securitization and direct assignment transactions.

The information of securitization /direct assignment by the company as originator as required by RBI Circular DNBS. PD. No. 301/3.10.01/2012-13 dated August 21, 2012 is as under:

(a) For Securitization Transaction

Sr. No.	Particulars	As at 31 st March 2016 No./Rupees	As at 31 st March 2015 No./Rupees
1	No of SPVs sponsored by the company for securitization transactions	Nil	3
2	Total amount of securitised assets as per books of the SPVs sponsored by the company	Nil	261,491,781
3	Total amount of exposures retained by the company to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	b) On-balance sheet exposures		
	• First loss	Nil	60,505,221
	• Others	Nil	114,757,047
	Amount of exposures to securitization transactions other than MRR		



	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	ii) Exposure to third party securitizations		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	ii) Exposure to third party securitizations		
	• First loss	Nil	Nil
	• Others	Nil	Nil

Note:-

The above figures are based on the information duly certified by the SPV's auditors obtained by the Company from the SPV.

(b) For Assignment Transaction

Sr. No.	Particulars	As at 31 st March 2016 No./Rupees	As at 31 st March 2015 No./Rupees
1	No of SPVs sponsored by the company for assignment transactions	N.A.	N.A.
2	Total amount of assigned assets as per books of the company (excluding accrued interest)	10,274,847,481	8,011,428,188
3	Total amount of exposures retained by the company to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	b) On-balance sheet exposures		
	• First loss	Nil	Nil
	• Others	758,855,291	489,579,808
4	Amount of exposures to assignment transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own assignments		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	ii) Exposure to third party assignments		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	b) On-balance sheet exposures		
	i) Exposure to own assignments		
	• First loss	Nil	Nil
	• Others	Nil	Nil
	ii) Exposure to third party assignments		
	• First loss	Nil	Nil
	• Others	Nil	Nil

As at 31st March 2016 dues payable to assignees towards collections from the assigned receivables were Rs. 799,031,497 (Previous Year: Rs. 558,337,816)

30. Disclosures for operating leases under Accounting Standard 19 – "Accounting for Leases" specified under Section 133 of the Companies Act, 2013.



The Company has entered into leave and license agreements for taking office premises along with furniture and fixtures as applicable and godown premises on rental basis for a period

ranging from 11 to 60 months. The specified disclosure in respect of these agreements is given below:

Particulars	Year Ended 31 st March 2016 Rupees	Year Ended 31 st March 2015 Rupees
Lease payments recognised in the Statement of Profit and Loss	13,423,338	13,078,408

- (b) The company has let out portions of office premises alongwith furnitures & fixtures and other amenities on operating lease to its subsidiary Mas Rural Housing & Mortgage Finance Ltd. for a period of one year. Lease rental income recognised in the Statement of Profit & Loss for the year is Rs. 1,200,000.(Previous Year Rs. 1,068,333)

31. Employee Benefits

Disclosures as required as per Accounting Standard AS-15 (revised) – “Employee Benefits” specified under Section 133 of the Companies Act, 2013, 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.

	Particulars	As at/ For the year ended 31 st March 2016 Rupees	As at/ For the year ended 31 st March 2015 Rupees
A	Net liability /(assets) recognised in the Balance Sheet as at 31st March		
	Present value of funded obligation	7,221,007	5,589,560
	Fair value of plan assets	10,246,474	8,526,189
	Present value of unfunded obligation	-	-
	Net liability/(assets)	(3,025,467)	(2,936,629)
B	Expense recognised in the profit and loss account for the year		
	Current service cost	1,194,537	737,364
	Interest on obligation	423,367	484,110
	Expected return on plan assets	(770,575)	(761,056)
	Net actuarial losses /(gains) recognised in the year	189,686	(480,839)
	Past Service Liability	-	(266,099)
	Total expense included in employee benefit expense	1,037,015	(286,521)
	Actual return on Plan assets	811,330	743,472
C	Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:		
	Opening defined benefit obligation	5,589,560	5,509,917
	Transfer in/(out) obligation	(90,552)	-
	Service Cost	1,194,537	737,364
	Interest Cost	423,367	484,110
	Actuarial losses /(gains)	230,442	(498,423)



	Past Service Liability	-	(266,099)			
	Benefits paid	(126,347)	(377,308)			
	Closing defined benefit obligation	7,221,007	5,589,560			
D	Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof:					
	Opening balance of fair value of plan assets	8,526,189	8,207,333			
	Transfer in/(out) plan assets	(125,481)	-			
	Expense deducted from the fund	(161,861)	(131,008)			
	Expected return	770,575	761,056			
	Actuarial gains / (losses)	40,756	(17,584)			
	Contributions by Employer	1,322,643	83,700			
	Benefits paid	(126,347)	(377,308)			
	Closing balance of fair value of plan assets	10,246,474	8,526,189			
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 (Refer note 1(b) below)	8.10%	7.80%			
	Expected return on plan assets	8.10%	8.70%			
	Annual increase in salary costs (Refer note 1(a) below)	5.50%	5.00%			
	Notes:					
1	(a) 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. (b) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.					
2	Defined Contribution Plans	Year ended 31st March 2016	Year ended 31st March 2015			
		Rupees	Rupees			
	Amount recognized as an expense and included in Note No. 20 of Statement of Profit and Loss.					
	Provident Fund	4,763,717	3,681,951			
	E.S.I.C	555,139	668,911			
	Total	5,318,856	4,350,862			
3	Experience Adjustments:					
		As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013	As at 31st March 2012
		Rupees	Rupees	Rupees	Rupees	Rupees
	Present value of the defined benefit obligation	7,221,007	5,589,560	5,509,917	4,795,374	3,960,522
	Fair value of the plan assets	10,246,474	8,526,189	8,207,333	7,479,088	5,778,422
	Deficit/(Surplus) in the plan	(3,025,467)	(2,936,629)	(2,697,416)	(2,683,714)	(1,817,900)
	Experience (gain) / loss adjustments on plan liabilities	230,442	(498,423)	(264,415)	24,112	(1,674,771)



	Experience (gain) / loss adjustments on plan assets	(40,756)	17,584	(12,415)	2,509	-
4	Overall expected rate of return on assets taken is the rate declared by LIC.					

32. Segment Reporting

The Company is engaged primarily in the business of Financing and all its operations are in India only. Accordingly there are no separate reportable segments as per Accounting Standard 17 – "Segment Reporting" specified under Section 133 of the Companies Act, 2013.

33. Related Party Disclosures

(a) Related party disclosures as required by Accounting Standard 18, "Related Party Disclosures", specified under Section 133 of the Companies Act, 2013.

List of related parties and relationships:

Subsidiary : MAS Rural Housing & Mortgage Finance Ltd.

Entities under common control : MAS Realities Ltd.
: Sarjan Developers Pvt. Ltd.
: Swalamb Mass Financial Services Ltd.
: Anamya Capital LLP
: Acquarian Information Technology Pvt.Ltd.
: Mukesh C. Gandhi (HUF)
: Prarthana Marketing Pvt. Ltd.

Key Management Personnel : Mr. Kamlesh C. Gandhi (Managing Director)
: Mr. Mukesh C. Gandhi (Whole-time Director)

Relatives of Key Management Personnel : Mrs. Shweta K. Gandhi
: Mrs. Urmilaben C. Gandhi

Related party transactions:

Sr. No.	Nature of transactions	Year ended 31 st March 2016 Rupees	Year ended 31 st March 2015 Rupees
1	Rent income:		
	MAS Rural Housing & Mortgage Finance Ltd.	1,367,220	1,200,379
2	Recovery Contract charges received:		
	MAS Rural Housing & Mortgage Finance Ltd.	260,710	-
3	Expenditure reimbursed by:		
	MAS Rural Housing & Mortgage Finance Ltd.	12,078,617	10,553,149
4	Remuneration paid:		
	Mr. Kamlesh C. Gandhi	31,771,506	21,743,846
	Mr. Mukesh C. Gandhi	31,602,786	21,582,774
5	Dividend received:		
	MAS Rural Housing & Mortgage Finance Ltd.	1,182,500	483,750
6	Guarantees given:		
	MAS Rural Housing & Mortgage Finance Ltd.	-	150,000,000
7	Dividend Paid:		
	Mr. Mukesh C. Gandhi	31,063,719	9,883,955
	Mr. Kamlesh C. Gandhi	27,468,275	8,739,945



	Mr. Mukesh C. Gandhi (HUF)	39,821,946	12,670,676
	Mrs. Shweta K. Gandhi	71,888,861	22,873,830
	Mrs. Urmilaben C. Gandhi	4,169	1,327
	Prarthana Marketing Pvt. Ltd.	5,743,107	1,827,361
8	Balance outstanding at the end of the year:		
	Guarantees given to MAS Rural Housing & Mortgage Finance Ltd.	488,668,100	539,986,973
	Investment in MAS Rural Housing & Mortgage Finance Ltd.	107,500,000	107,500,000
	Dividend receivable from MAS Rural Housing & Mortgage Finance Ltd.	537,500	-

(b) Disclosures as per Regulation 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements Regulations, 2015).

Loans and advances in the nature of loans to associates, firms/companies in which directors are interested as under:

Sr. No.	Name	As at 31 st March 2016 Rupees	Maximum balance outstanding during the year 2015-16	As at 31 st March 2015 Rupees	Maximum balance outstanding during the year 2014-15
1	Paras Capfin Company Pvt.Ltd.	44,319,407	45,748,329	25,454,983	111,785,519
2	M Power Micro Finance Pvt.Ltd.	-	50,442,294	-	99,134,581
3	Jain Sons Finlease Ltd.	180,962,427	208,440,912	138,621,922	140,071,351
4	Shubham Housing Dev Finance Co Pvt.Ltd.	119,256,452	202,510,842	127,692,225	145,384,185

34. The Company has not received any intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. In view of this, information required under section 22 of MSMED Act, 2006 to that extent is not given.

35. Balances of retail loans and advances are subject to confirmation. Adjustments, if any required, will be made on settlement of the account of the parties.

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

Particulars	Year ended 31 st March 2016	Year ended 31 st March 2015
	Rupees	Rupees
Amount of dividend remitted in foreign currency		
Dividend for F.Y. 2014-15	28,952,696	3,328,477
Interim Dividend for F.Y. 2015-16	26,057,821	-
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	3	3
Total number of Compulsorily Convertible Cumulative Preference Shares held by them on which dividend was due	43,471,090	43,471,090
Total number of Equity Shares held by them on which dividend was due	200	125
Year to which the dividend relates	2014-15 & 2015-16	2013-14



37. Expenditure in Foreign Currency

Particulars	Year ended 31 st March 2016	Year ended 31 st March 2015
	Rupees	Rupees
Interest Paid	65,152,010	64,974,000
Travelling Expense	87,265	-

38. The disclosures required in terms of RBI Circular DNBS. PD.CC. No. 002/03.10.001/2014-15 dated November 10, 2014 "Revised Regulatory Framework for NBFC" and Paragraph 11 of the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 are given in Annexure A forming part of these Financial Statements.
39. The disclosures required in terms of Paragraph 13 of the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 are given in Annexure B forming part of these Financial Statements.
40. **Previous Year's Figures**
Previous year figures have been regrouped / reclassified to conform to current year's classification.



For and on behalf of Board of Directors

Kamlesh C. Gandhi
(Chairman & Managing Director)

Nirav P. Patel
Nirav Patel
(Company Secretary)

Mukesh C. Gandhi
(Whole Time Director &
Chief Financial Officer)

Place: Ahmedabad
Date: 25/05/2016

ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

Disclosures required in terms of RBI Circular DNBS. PD.CC. No. 002/03.10.001/2014-15 dated November 10, 2014 "Revised Regulatory Framework for NBFC" and Paragraph 11 of the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

1. Capital

(Amount in Rs. crore)		
Particulars	Current Year	Previous Year
i) CRAR (%)	18.36	17.13
ii) CRAR - Tier I Capital (%)	11.09	11.28
iii) CRAR - Tier II Capital (%)	7.27	5.85
iv) Amount of subordinated debt raised as Tier-II capital	60.00	20.00
v) Amount raised by issue of Perpetual Debt Instruments	-	-

2. Investments

(Amount in Rs. crore)		
Particulars	Current Year	Previous Year
(1) Value of Investments	11.02	11.10
(i) Gross Value of Investments		
(a) In India	11.02	11.10
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India (amount not significant)	0.00	0.00
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	11.02	11.10
(b) Outside India.	-	-
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	0.00	0.00
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance (amount not significant)	0.00	0.00

3. Derivatives

The Company has not entered into any Derivative transactions.

4. Disclosures relating to Securitisation

Refer Note no. 29 to the financial statements.



ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

5. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

Nil

6. Details of Assignment transactions undertaken by NBFCs

		(Amount in Rs. crore)	
Particulars		Current year	Previous Year
(i)	No. of accounts	112,586	150,732
(ii)	Aggregate value (net of provisions) of accounts sold	1204.79	876.49
(iii)	Aggregate consideration	1204.79	876.49
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
(v)	Aggregate gain / loss over net book value	NIL	NIL

7. Details of non-performing financial assets purchased / sold.

Nil

8. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities.

	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
Bank Fixed Deposits	-	-	-	0.75	0.05	5.76	0.81	-	7.37
Advances (Net of Security Deposits)	167.84	90.46	85.55	244.13	394.62	309.92	21.89	1.17	1315.58
Investments	-	-	-	-	-	0.27	-	-	0.27
Borrowings	9.02	9.00	22.54	38.92	69.32	216.52	27.50	-	392.82
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-



ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

9. 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).	95.94	90.72

10. Exposure to Capital Market

		(Amount in Rs. crore)	
Particulars		Current Year	Previous Year
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	10.76	10.76
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	NIL	NIL
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	NIL	NIL
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	NIL	NIL
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	NIL	NIL
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	NIL	NIL
(vii)	Bridge loans to companies against expected equity flows / issues;	NIL	NIL
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	NIL	NIL
Total Exposure to Capital Market		10.76	10.76



ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

11. Details of financing of parent company products

Not Applicable

12. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

- i) Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the non-banking financial company:

Company Name	Particulars	Current Year	Previous Year
MAS Rural Housing and Mortgage Finance Limited	Corporate Guarantee	48.87	54.00

- ii) Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the non-banking financial company:

Company Name	Particulars	Current Year	Previous Year
MAS Rural Housing and Mortgage Finance Limited	Investment in Equity Shares	10.75	10.75
	Corporate Guarantee	48.87	54.00

13. Unsecured Advances

- a) Refer Note no. 14 to the financial statements.
b) The Company has not granted any advances against intangible securities.

14. Registration number obtained from RBI: B. 01. 00241

15. Disclosure of Penalties imposed by RBI and other regulators

During the financial year 2015-16 no penalties have been imposed by RBI and other regulators.

16. Related Party Transactions

Refer Note no. 33 to the financial statements.

17. Ratings assigned by credit rating agencies and migration of ratings during the year

By India Ratings:

INSTRUMENT	AMOUNT	RATING ACTION	MIGRATION
Long term bank facilities (Cash Credit/Term Loan)	Rs. 2400.00 Crore	IND A (Stable)	No migration of rating

By ICRA:

INSTRUMENT	AMOUNT	RATING ACTION	MIGRATION
Issuer Rating	Not Applicable	IrA-(Positive)	No migration of rating
Long term bank facilities (Cash Credit/Term Loan)	Rs. 1850.00 Crore	[ICRA]A-(Positive)	No migration of rating
Subordinate Debt	Rs. 60.00 crore	[ICRA]A-(Positive)	No migration of rating
Commercial paper programme	Rs. 50.00 crore	[ICRA]A1	No migration of rating

By CRISIL:

INSTRUMENT	AMOUNT	RATING ACTION	MIGRATION
Commercial paper programme	Rs. 61.00 crore	CRISIL A1+(SO)	No migration of rating



ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

18. Remuneration of Directors

Refer Note no. 33 to the financial statements.

19. Provisions and Contingencies

The information on all Provisions and Contingencies is as under:

(Amount in Rs. crore)		
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
Provisions for depreciation on Investment	-	-
Provision towards NPA	0.22	0.82
Provision made towards Income tax (including interest Rs.0.13)	29.14	19.92
Provision for Standard Assets	1.71	0.92
Provision for Employee Benefits	0.11	0.12
Interim Dividend on Equity Shares	10.00	-
Interim Dividend on Preference Shares	2.61	-
Dividend distribution tax paid on interim equity dividend	2.04	-
Dividend distribution tax paid on interim preference dividend	0.53	-
Provision for proposed equity dividend	0.72	7.60
Provision for proposed preference dividend	0.29	2.90
Provision for dividend distribution tax on proposed equity dividend	0.13	1.55
Provision for dividend distribution tax on proposed preference dividend	0.06	0.59

20. Concentration of Deposits (for deposit taking NBFCs)

Not Applicable

21. Concentration of Advances

(Amount in Rs. crore)		
Total Advances to twenty largest borrowers (excluding advance funding)	289.98	333.74
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	19.14%	28.44%

22. Concentration of Exposures

(Amount in Rs. crore)		
Total Exposure to twenty largest borrowers / customers (excluding advance funding and net of security deposits)	262.83	300.06
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	18.54%	27.44%

23. Concentration of NPAs

(Amount in Rs. crore)		
Total Exposure to top four NPA accounts	1.16	0.31



ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

24. Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector % Current Year	Percentage of NPAs to Total Advances in that sector % Previous Year
1.	Agriculture & allied activities	4.52	5.35
2.	MSME	1.56	1.40
3.	Corporate borrowers	0.00	0.00
4.	Services	1.16	0.00
5.	Unsecured personal loans	3.09	0.00
6.	Auto loans	0.25	1.45
7.	Other personal loans	0.00	0.00

25. Movement of NPAs

(Amount in Rs. crore)			
Particulars		Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	1.49%	1.39%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	20.81	15.12
	(b) Additions during the year	31.35	25.05
	(c) Reductions during the year	29.12	19.36
	(d) Closing balance	23.04	20.81
(iii)	Movement of Net NPAs		
	(a) Opening balance	17.09	12.22
	(b) Additions during the year	28.21	22.55
	(c) Reductions during the year	26.20	17.68
	(d) Closing balance	19.10	17.09
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	3.72	2.90
	(b) Provisions made during the year	0.22	0.82
	(c) Write-off / write-back of excess provisions	-	-
	(d) Closing balance	3.94	3.72

26. Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Nil



ANNEXURE A (Forming part of the financial statements)

Notes to the Balance Sheet

27. **Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)**

Nil

28. **Disclosure of Customers Complaints**

(a)	No. of complaints pending at the beginning of the year	4
(b)	No. of complaints received during the year	112
(c)	No. of complaints redressed during the year	115
(d)	No. of complaints pending at the end of the year	1

For and on behalf of Board of Directors



Kamlesh C. Gandhi
(Chairman & Managing Director)

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)

Nirav Patel
(Company Secretary)

Place : Ahmedabad.
Date : 25/05/2016

ANNEXURE B (Forming part of the financial statements)

Notes to the Balance Sheet

Information as required in terms of Paragraph 13 of the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

(Rs.In Lakhs)

Particulars	Year ended 31 st March 2016	
	Amount Outstanding	Amount Overdue
Liabilities side :		
(1) Loans and advances availed by the NBFCs Inclusive of Interest accrued thereon but not paid		
(a) Debentures : Secured	NIL	NIL
: Unsecured (other than falling within the meaning of Public deposits*)	11170.35	NIL
(b) Deferred Credits	NIL	NIL
(c) Term Loans	39,368.26	NIL
(d) Inter-corporate loans and borrowing	NIL	NIL
(e) Commercial Paper	NIL	NIL
(f) Other Loans:		
From Banks	74,126.35	NIL
From a Company	NIL	NIL
Security Deposits	28,578.00	NIL

*Please see note 1 Below

Particulars	Amount Outstanding	
	Amount Outstanding	Amount Overdue
Assets side:		
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]		
(a) Secured	95,921.62	
(b) Unsecured	62,934.38	
(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	



ANNEXURE B (Forming part of the financial statements)

Notes to the Balance Sheet

(4) Break-up of Investments :

Current investments :

1.	<u>Quoted :</u>		
(i)	Shares :	(a) Equity (b) Preference	NIL NIL
(ii)	Debentures and Bonds		NIL
(iii)	Units of mutual funds		NIL
(iv)	Government Securities		NIL
(v)	Others (please specify)		NIL
2.	<u>Unquoted :</u>		
(i)	Shares :	(a) Equity (b) Preference	NIL 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.	<u>Quoted :</u>		
(i)	Shares :	(a) Equity (b) Preference	0.63 NIL
(ii)	Debentures and Bonds		NIL
(iii)	Units of mutual funds		NIL
(iv)	Government Securities		NIL
(v)	Others (please specify)		NIL
2.	<u>Unquoted :</u>		
(i)	Shares :	(a) Equity (b) Preference	1,075.07 NIL
(ii)	Debentures and Bonds		NIL
(iii)	Units of mutual funds		NIL
(iv)	Government Securities		NIL
(v)	Others – Pass Through Certificates		26.63



ANNEXURE B (Forming part of the financial statements)

Notes to the Balance Sheet

- (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	95,921.62	62,934.38	158,856.00
Total	95,921.62	62,934.38	158,856.00

- (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	1,432.98	1,075.00
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties **	32.28	27.33
Total	1,465.26	1,102.33

** 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	2304.38
(ii) Net Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	1910.05
(iii) Assets acquired in satisfaction of debt	94.49

Notes:

1. As defined in paragraph 2 (1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.



ANNEXURE B (Forming part of the financial statements)

Notes to the Balance Sheet

2. Provisioning norms are applicable as prescribed in the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.



For and on behalf of Board of Directors

A large, stylized handwritten signature in black ink, appearing to read "Kamlesh C. Gandhi".

Kamlesh C. Gandhi
(Chairman & Managing Director)

A handwritten signature in black ink, appearing to read "Mukesh C. Gandhi".

Mukesh C. Gandhi
(Whole Time Director &
Chief Financial Officer)

A handwritten signature in black ink, appearing to read "Nirav P. Patel".

Nirav Patel
(Company Secretary)

Place : Ahmedabad.

Date : 25/05/2016