# 20TH ANNUAL REPORT

## 2014-15

**REGISTERED OFFICE**

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

# NOTICE

**NOTICE** is hereby given that the 20th Annual General Meeting of the Members of **RAS Financial Services Limited** will be held at the registered office of the company on Wednesday 24th June, 2015 at 12.00 Noon to transact the following business:

**ORDINARY BUSINESS:**

1. To adopt and approve the Audited Balance Sheet as at 31st March, 2015 & Profit and Loss Account for the year ended on that date and the reports of the Directors, Secretarial Audit and the Auditors thereon.
2. To declare Dividend on Equity shares for the financial year 2014-15.
3. To appoint a Director in place of Mr. Mukesh C. Gandhi who retires by rotation and being eligible offer him-self for re-appointment.
4. To appoint the Auditors and fix their remuneration.
5. To appoint internal auditor and fix their remuneration.

**SPECIAL BUSINESS:**

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as an ordinary resolution:

6. To approve the revised remuneration payable to Shri. Kamlesh Gandhi, Managing Director of the company.

"**RESOLVED THAT** 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) and pursuant to Articles of Association of the company, Consent of members of the company be and is hereby accorded for the remuneration payable to Shri. Kamlesh C. Gandhi, Managing Director of the Company, with effect from April 1,2014 as mentioned in explanatory statement."

"**RESOLVED FURTHER THAT** the aggregate amounts of Managerial Remuneration to the said executive directors of the Company individually shall always be within the overall ceiling laid down in the sections 197 and schedule V and other applicable provisions of the Companies Act, 2013."

"**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary, commission, perquisites and other allowances shall be governed under of Schedule V to the Companies Act, 2013, including any statutory modifications or re-enactment thereof, as may, for the time being, be in force."

RAS FINANCIAL SERVICES LTD. AHMEDABAD

"**RESOLVED FURTHER THAT** the board of directors (including a committee thereof) be and is hereby authorised to do all such things, deeds, matters and acts as may be required to give effect to this resolution and all things incidental and ancillary thereto including but not limited to the power to grant increments and to alter or amend or revise or vary the terms of remuneration from time to time and obtaining Central Government approval and all things incidental and ancillary thereto."

7. To approve the revised remuneration payable to Shri. Mukesh Gandhi, Whole Time Director & CFO of the company.

"**RESOLVED THAT** 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) and pursuant to Articles of Association of the company, Consent of members of the company be and is hereby accorded for the remuneration payable to Shri. Mukesh Gandhi, Whole Time Director of the Company, with effect from April 1, 2014 as mentioned in explanatory statement."

"**RESOLVED FURTHER THAT** the aggregate amounts of Managerial Remuneration to the said executive directors of the Company individually shall always be within the overall ceiling laid down in the sections 197 and schedule V and other applicable provisions of the Companies Act, 2013."

"**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary, commission, perquisites and other allowances shall be governed under of Schedule V to the Companies Act, 2013, including any statutory modifications or re-enactment thereof, as may, for the time being, be in force."

"**RESOLVED FURTHER THAT** the board of directors (including a committee thereof) be and is hereby authorised to do all such things, deeds, matters and acts as may be required to give effect to this resolution and all things incidental and ancillary thereto including but not limited to the power to grant increments and to alter or amend or revise or vary the terms of remuneration from time to time and obtaining Central Government approval and all things incidental and ancillary thereto."

**By Order of the Board**

**Punita Maheshwari**
**(Company Secretary)**

**Date : 27th May, 2015**
**Place : Ahmedabad**

**NOTES:**

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

## ANNEXURE OF NOTICE

**Explanatory Statement pursuant to Section 102(2) of the Companies Act, 2013**

**Item No. 6**

In due consideration of his leadership capabilities and encouraging performance shown by the Company during the course of Mr. Kamlesh Gandhi, Managing Director of the Company, the Directors of the Company propose revision of his remuneration as mentioned below as part of this explanatory statement.

**Remuneration Detail:**

**Salary**
Salary shall not be less than Rs. 16,14,000/- (Rupees Sixteen Lacs and Fourteen Thousand only) Basic per month. The Salary may progressively go up subject to his performance and industry trends, subject however that in no case, the salary shall not exceed the limits prescribed from time to time under Sections 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, as may for the time being, be in force and any amendments thereto.

**Bonus**
The Bonus shall be payable as per the rules of the company

**Commission/ Ex Gratia**
Commission shall be payable as per the rules of the company, subject to a ceiling of Six Month's salary.

**Allowance/ Perquisites**
Until otherwise decided by the Board, the Managing Director will be entitled to the following allowances/ perquisites which will be paid to him in addition to the salary.

**Housing**
The Company shall provide furnished accommodation and if he is having his own accommodation then the Company shall pay house rent allowance as per the rules of the company.

The Company shall provide equipment and appliances, furniture and fixtures and furnishing at the residence of the Managing Director at the entire cost of the Company.

**Gas, Electricity, Water, Etc.**
The Company shall reimburse the expenses of Gas, Electricity, Water, Etc. the expenditure on these valued, in accordance with the Income Tax Rules, shall be as per the rules of the company.

**Medical Reimbursement:-**
Reimbursement of medical expenses actually incurred for self and family as per the rules of the Company

**Education Allowance**
The Education Allowance shall be payable as per the rules of the company

**Uniform Allowance/ Reimbursement**

The Uniform Allowance/ Reimbursement shall be payable as per the rules of the company

**Books and Periodical Allowance**
The Books and Periodical Allowance shall be payable as per the rules of the company

**Leave Travel concession**
For self and family, once in a year in accordance with the rules of the Company

**Club Fees**
Fees of Club payable as per the rules of the Company

**Personal Accident Insurance**
The Company shall pay personal accident insurance premium as per its rules.

**Contribution to Superannuation Fund**
The Company shall contribute towards Provident Fund/ Pension/ Superannuation/ Retirement/ Annuity Fund provide that such contribution either singly or put together shall not exceed the tax – free limit prescribed under the Income Tax Act.

**Gratuity**
Gratuity is payable as per the rules of the Company.

**Earned Leave**
The Managing Director shall be entitled to one Month's Privilege leave for every eleven Months Services. He shall be entitled to encase un-availed leave at the end of his tenure.

**Car Facility**
The Company shall provide a car with driver at the entire cost of the Company for use of Company's business."

**Item No. 7**

In due consideration of his leadership capabilities and encouraging performance shown by the Company during the course of Mr. Mukesh Gandhi, Whole Time Director & CFO of the Company, the Directors of the Company propose revision of his remuneration as mentioned below as part of this explanatory statement.

**Remuneration Detail:**

**Salary**
Salary shall not be less than . 16,14,000/- (Rupees Sixteen Lacs and Fourteen Thousand only) Basic per month. The Salary may progressively go up subject to his performance and industry trends, subject however that in no case, the salary shall not exceed the limits prescribed from time to time under Sections 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, as may for the time being, be in force and any amendments thereto.

**Bonus**
The Bonus shall be payable as per the rules of the company

**Commission/ Ex Gratia**
Commission shall be payable as per the rules of the company, subject to a ceiling of Six Month's salary.

**Allowance/ Perquisites**
Until otherwise decided by the Board, the Whole Time Director will be entitled to the following allowances/ perquisites which will be paid to him in addition to the salary.

**Housing**

The Company shall provide furnished accommodation and if he is having his own accommodation then the Company shall pay house rent allowance as per the rules of the company.

The Company shall provide equipment and appliances, furniture and fixtures and furnishing at the residence of the Whole Time Director at the entire cost of the Company.

**Gas, Electricity, Water, Etc.**

The Company shall reimburse the expenses of Gas, Electricity, Water, Etc. the expenditure on these valued, in accordance with the Income Tax Rules, shall be as per the rules of the company.

**Medical Reimbursement:-**

Reimbursement of medical expenses actually incurred for self and family as per the rules of the Company

**Education Allowance**

The Education Allowance shall be payable as per the rules of the company

**Uniform Allowance/ Reimbursement**

The Uniform Allowance/ Reimbursement shall be payable as per the rules of the company

**Books and Periodical Allowance**

The Books and Periodical Allowance shall be payable as per the rules of the company

**Leave Travel concession**

For self and family, once in a year in accordance with the rules of the Company

**Club Fees**

Fees of Club payable as per the rules of the Company

**Personal Accident Insurance**

The Company shall pay personal accident insurance premium as per its rules.

**Contribution to Superannuation Fund**

The Company shall contribute towards Provident Fund/ Pension/ Superannuation/ Retirement/ Annuity Fund provide that such contribution either singly or put together shall not exceed the tax – free limit prescribed under the Income Tax Act.

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Gratuity is payable as per the rules of the Company.

**Earned Leave**

The Whole Time Director shall be entitled to one Month's Privilege leave for every eleven Months Services. He shall be entitled to encase un-availed leave at the end of his tenure.

**Car Facility**

The Company shall provide a car with driver at the entire cost of the Company for use of Company's business.

**By Order of the Board**

**Punita Maheshwari**
**(Company Secretary)**

**Date : 27th May, 2015**
**Place : Ahmedabad**

FINANCIAL SERVICES LTD. AHMEDABAD

## DIRECTORS' REPORT

To,
The Members,
**FINANCIAL SERVICES LTD.**
Ahmedabad

Your Directors are happy to present the **TWENTYTH ANNUAL REPORT** of your Company together with the Audited Accounts drawn for the year ended on 31st March 2015.

**FINANCIAL RESULTS:**

(Amount in ₹ )

| PARTICULARS | Year Ended on 31st March 2015 | Year Ended on 31st March 2014 |
|---|---|---|
| | RUPEES | RUPEES |
| Revenue from Operations | 2,250,532,987 | 1,766,540,470 |
| Other Income | 8,540,899 | 7,493,633 |
| **Total Income** | **2,259,073,886** | **1,774,034,103** |
| **Total Expenditure** | **1,677,433,955** | **1,298,633,626** |
| Profit Before Tax | 581,639,931 | 475,400,477 |
| Provision for Taxation (Including Current tax, Deferred Tax & Income Tax of earlier Years) | 191,679,983 | 164,821,697 |
| **Net Profit** | **389,959,948** | **310,578,780** |
| Profit Brought Forward | 174,758,810 | 56,260,264 |
| 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** | **557,619,701** | **366,839,044** |
| **APPROPRIATIONS:** | | |
| Transfer to Statutory Reserve | 77,991,990 | 62,115,756 |
| Interim Dividend | - | 24,778,522 |
| Proposed Dividend | 104,952,340 | 59,328,477 |
| Corporate Tax on Dividend | 21,368,298 | 14,293,987 |
| Transfer to General Reserve | 38,995,995 | 31,057,878 |
| Short provision for dividend distribution tax of earlier year | - | 505,614 |
| **Surplus Balance carried to Balance Sheet** | **314,311,078** | **174,758,810** |

**BUSINESS PERFORMANCE:**

In the year 2014-15 the company reached an important milestone in its journey by crossing ₹ 2000 cr. in AUM. During its journey from a humble beginning of asset size of ₹ 2 cr. in 1995 to reaching ₹ 2000 cr. in the year 2015, every time we reach a milestone, we believe that we have just begun.

The gross income realized by the company is ₹ 225.90 Crore (Previous year ₹ 177.40 Crore) comprising of income from operations and other income. Net Profit after tax is ₹ 38.99 Crore (Previous year ₹ 31.06 Crore). Asset under Management is ₹ 2000.01 Crore (Previous year ₹ 1383.27 Crore). This year's performance in spite of the challenging macro-economic factors set the stage for the further growth in AUM accompanied by increased geographical presence.

**PROSPECTS AND DEVELOPMENTS:**

The company continues to pursue the policy 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.

This is a very huge market to be served, which needs an efficient last mile delivery of credit thus creating enormous opportunity for all the financial institutions and NBFCs in special.

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 and deserve its due understanding and recognition thus creating an enabling situation to perform to its full potential. It is worth mentioning here that, the regulators have taken a fresh look at the sector. The introduction of SARFAESI for NBFC (SI) is the step in the right direction, while we await few other measures to be taken by the regulator to further strengthen the sector, I trust that, they will be able to create an enabling situation for this sector to develop.

**SMALL AND MEDIUM ENTERPRISE LOAN:**

Introduction of machinery 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:**

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.

**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 branch and Karnataka through its Bengaluru (Bangalore) branch, taking the tally of the branches to 64 and the total centers covered to approx. 3200.

**MAS RURAL HOUSING & MORTGAGE FINANCE LTD.:**

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

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 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 in process of identifying the potential investors. 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. Number of institutional investors has shown keen interest.

The company has raised Tier – II Capital of ₹ 20 cr. in form of a sub debt from Ratnakar Bank 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 year too. The company anticipates credit lines from few more banks and financial institutions besides the existing ones.

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

**HUMAN RESOURCE MANAGEMENT AT MAS:**

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 MAS. Core team at MAS 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 MAS.

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 98.59% recovery, with overdue of 1.41% only. It may be noted that the above-mentioned 1.41% debtors are under strictest surveillance of follow up. The Net NPA of the company is 0.85% of Asset under Management.

**CAPITAL**

The Net worth of the company as on 31st March 2015 is ₹ 190.84 Cr. inclusive of ₹ 16 Cr. Equity Share Capital.

**PUBLIC DEPOSITS**

The Company has not accepted deposit from public during the year and there was no deposit outstanding on 31't March, 2015.

**DIVIDEND**

The Board propose final dividend at the rate of 47.50 % for Equity Shareholders and recommended dividend on 0.01% and 13.31% Cumulative Compulsory Convertible Preference Shares respectively for the year ended on 31st March, 2015.

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.

The company is in the process of devising such effective program under the chairmanship of Dr. Jagdish Joshipura one of the independent directors of the company.

**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. Cornelis Jan De Kruijf | Director | 27/08/2010 | 09/12/2014 |
| 2 | Ms. Deepika Sharma | Company Secretary | 03/02/2014 | 19/12/2014 |
| 3 | Ms. Punita Maheshwari | Company Secretary | 19/12/2014 | |

**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 more than 60 NBFC-MFIs and NBFCs 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)**

Place : Ahmedabad.
Date : 27th May, 2015

**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**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed.

b) The directors have 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 or loss of the Company for the year under review.

c) The directors have 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.

d) The annual financial statements have been prepared on a going concern basis.

e) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.

f) Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## 3. PARTICUALRS 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<br><br>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 |
|---|---|---|---|---|---|---|---|---|---|
| **A. PROMOTERS** | **Demat** | **Physical** | **Total** | **% of Total Shares** | **Demat** | **Physical** | **Total** | **% of Total Shares** | |
| **(1) Indian** | | | | | | | | | None |
| a) Individual/HUF | 6029899 | 9968891 | 15998790 | **99.992%** | 6029899 | 9968891 | 15998790 | **99.992%** | |
| b) Central Govt. Or State Govt. | | | | | | | | | |
| c) Bodies Corporate | | | | | | | | | |
| d) Bank/FI | | | | | | | | | |
| e) Any other | - | 379 | 379 | 0.002% | - | 379 | 379 | 0.002% | |
| **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) Cenntral 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 begginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | N0. 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 | 28,23,987 | 17.65% | None | 28,23,987 | 17.65% | None | |
| 2 | KAMLESH C. GANDHI | 24,97,127 | 15.61% | None | 24,97,127 | 15.61% | None | |
| 3 | SHWETA KAMLESH GANDHI | 65,35,380 | 40.85% | None | 65,35,380 | 40.85% | None | |
| 4 | MUKESH C. GANDHI (HUF) | 36,20,193 | 22.63% | None | 36,20,193 | 22.63% | None | |
| 5 | PRARTHANA MARKETING PRIVATE LIMITED | 5,22,103 | 3.26% | None | 5,22,103 | 3.26% | None | |

**THE CHANGE IN NATURE OF BUSINESS:**

There is 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 ensuring Annual General Meeting of the company and are eligible for reappointment. The members are requested to consider their reappointment for the financial year 2015-16.

**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. Mukesh Gandhi, Whole Time Director & CFO 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 re-appointed Mr. Mukesh Gandhi as Whole Time Director effective April 1, 2015

**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 | 28.05.2014 | 8 | 4 |
| 2 | 27.06.2014 | 8 | 7 |
| 3 | 19.09.2014 | 8 | 7 |
| 4 | 10.12.2014 | 7 | 5 |
| 5 | 19.12.2014 | 7 | 6 |
| 6 | 16.02.2015 | 7 | 6 |

**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 & Shri. Bala Bhaskaran that they meet with the criteria of independence as prescribed both 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 sec 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 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 IIAS 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 COMMITTE 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 overseas 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 thereof)

Annexure -A

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

**As on financial year ended on 31.03.2015**

**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. |

## 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<br>(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.<br>(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | 21,573,108 | 21,573,108 | 43,146,216 |
| 2 | Stock option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission<br>- as % of profit<br>- others (specify) | - | - | - |
| 5 | Others, please specify(Electricity Charges Reimbursement) | 170,738 | 9,666 | 180,404 |
| | **Total A** | 21,743,846 | 21,582,774 | 43,326,620 |
| | **Ceiling as per the Act** | 29,041,411 | 29,041,411 | 58,082,822 |

### B. Remuneration to other directors:

| Sl.No. | Particulars of Remuneration | Name of the Directors | | | Total Amount |
|---|---|---|---|---|---|
| 1 | **Independent Directors** | Bala Bhaskaran | Jagdish Joshipura | Chetan Shah | |
| | (a) Fee for attending board committee meetings | 30000 | 1,55,000 | 1,10,000 | 2,95,000 |
| | (b) Commission | - | - | - | - |
| | (c ) Others, please specify. | - | - | - | - |
| | **Total (1)** | 30000 | 1,55,000 | 1,10,000 | 2,95,000 |
| 2 | **Other Non Executive Directors** | | | | |
| | (a) Fee for attending board committee meetings | - | - | - | - |
| | (b) Commission | - | - | - | - |
| | (c ) Others, please specify. | - | - | - | - |
| | **Total (2)** | - | - | - | - |
| | **Total (B)=(1+2)** | 30000 | 1,55,000 | 1,10,000 | 2,95,000 |
| | **Total Managerial Remuneration** | | | | |
| | **Overall Cieling as per the Act.** | | | | |

## C. Remuneration To Key Managerial Personnel other than MD/Manager/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | Total |
|---|---|---|---|
| | | Company Secretary | |
| 1 | **Gross Salary**<br>(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961<br>(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961<br>(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | 3,47,868 | 3,47,868 |
| 2 | Stock Option | - | |
| 3 | Sweat Equity | - | |
| 4 | Commission<br>- as % of profit<br>- others (specify) | - | |
| 5 | Others, (Bonus , Gratuity & PF) | 33,132 | 33,132 |
| | **Total** | 3,81,000 | 3,81,000 |

## 7. PENALTIES/PUNISHMENT/COMPPOUNDING OF OFFENCES : None

| Type | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/Compounding fees imposed | Authority (RD/NCLT/Court) | Appeall made if any (give details) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **B. DIRECTORS** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

**For Mas Financial Services Limited**

**KAMLESH GANDHI**
**(MANAGING DIRECTOR)**

MAS FINANCIAL SERVICES LIMITED AHMEDABAD

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<br>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 | | | | |

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

| Sl. No | | Shareholding at the end of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | For Each of the Top 10 Shareholders | 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 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 (or on the date of separation, if separated during the year) | | | | |

## V) SHAREHOLDING OF DIRECTORS & KMP

| Sl. No | | Shareholding at the end of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | For Each of the Directors & KMP | No.of shares | % of total shares of the company | No.of shares | % of total shares of the company |
| | At the beginning of the year | 5321492 | 33.262% | 5321492 | 33.262% |
| | Date wise increase/decrease in 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 (or on the date of separation, if separated during the year) | 5321492 | 33.262% | 5321492 | 33.262% |

## 5. INDEBTEDNESS

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

| | Secured Loans excluding deposits | Unsecured Loans | Security Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtness at the beginning of the financial year** | 1,262,567,353 | - | - | 1,262,567,353 |
| i) Principal Amount | 1,966,167,637 | 200,000,000 | - | 216,616,7637 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 37,871,149 | 1,035,616 | - | 38,906,765 |
| **Total (i+ii+iii)** | 2,004,038,786 | 201,035,616 | - | 2,205,074,403 |

Annexure -B

## MAS FINANCIAL SERVICES LIMITED

### FORM NO. AOC -2

**(Pursuant to clause (h) of sub-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 quarter ended on 31st March, 2015.

| Sl No. | Particulars | Details |
|---|---|---|
| a | Name(s) of the related party & nature of relationship | Mas Rural Housing & Mortgage finance Limited |
| b | Nature of contracts/arrangements/transaction | Availing of Services |
| c | Duration of the contracts/arrangements/transaction | One Year |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | 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. |
| e | Justification for entering into such contracts or arrangements or transactions. | 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. |
| f | Date of approval by the Board | 19.09.2014 |
| g | Amount paid as advances, if any | No such amount was paid as advances. |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | 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 |

**Manish Buchasia**
**M. S. Buchasia & Associates**
Practising Company Secretaries

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2015
*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

## SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED 31.03.2015

To,

The Members,

Mas Financial Services Limited,
6, Ground Floor, Narayan Chambers,
B/H Patang Hotel, Ashram Road,
Ahmedabad.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mas Financial Services Limited, (herein after 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 Mas Financial Services Limited, 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 31.03.2015 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:

| Address | Contact No | E-mail-Web |
|---|---|---|
| 410, "SATYAM MALL", Opp Samman, Nr Kameshwar School Jodhpur Cross Road, Vastrapur Satellite, Ahmedabad-380015 | +919327916394<br>+917930023620<br>+919898055367 | manishbuchasiacs@gmail.com<br>cs.manish@buchasia.com<br>www.buchasia.com |

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Mas Financial Services Limited ("the Company") for the financial year ended on 31.03.2015 according To the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under (For NCD Only);

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under (Not applicable to the Company during the Audit Period);

(iv ) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(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

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FCS 5843
COP 4156

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period)

(vi Others Laws Specifically Applicable to Company

(1)Reserve Bank of India Act, 1932
(2)Payment of Provident Fund and Misc. Provisions Act

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (Notified but Not Applicable yet Hence, Not Applicable to the Company for Audit Period)

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s), (For NCD Only);

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

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.

Majority decision is carried through while the dissenting members' Views are captured and recorded as part of the minutes.

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.

I further report that during the audit Period:

(I) The Company has issued 200 Rated, Listed, Unsecured, Redeemable, Non Convertible Debentures being Sub Debt Qualifying as Tier II Capital of Face Value of Rs.10,00,000 each Aggregating to Rs.20,00,00,000.

(II)The Members of the Company has Passed a Resolution Increasing the Borrowing Limit under Section 180(1) (C) upto Rs.1500 Crore by Passing a Special Resolution in the EGM held as on 22.09.2014.

(III) The Members of the Company has Passed a Resolution Increasing the Borrowing Limit under Section 180(1) (C) upto Rs.2500 Crore by Passing a Special Resolution in the EGM held as on 18.02.2015.

*Place* :
Ahmedabad

*Date* :
27.05.2015

Signature:

M.S.Buchasia & Associates

FCS No.:5843

C P No.:4156

**Deloitte**
**Haskins & Sells**

Deloitte Haskins & Sells
Chartered Accountants
'Heritage', 3rd Floor,
Near Gujarat Vidhyapith,
Off Ashram Road,
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+91 (079) 66073100
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(c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes.

(d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

(vii) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

(ix) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, *prima facie,* prejudicial to the interests of the Company.

(x) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.

(xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

(Gaurav J. Shah)
(Partner)
(Membership No. 35701)

**AHMEDABAD, 27th May, 2015**

**Deloitte**
**Haskins & Sells**

Deloitte Haskins & Sells
Chartered Accountants
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**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT**
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) Having regard to the nature of the Company's business / activities during the year, clauses (ii) and (vi) of paragraph 3 of the Order are not applicable to the Company.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services and during the course of our audit we have not observed any major weakness in such internal control system.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) 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, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

**Deloitte**
**Haskins & Sells**

Deloitte Haskins & Sells
Chartered Accountants
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(e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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 does not have any pending litigations which would impact its financial position.

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.

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

(Gaurav J. Shah)
(Partner)
(Membership No. 35701)

**AHMEDABAD, 27th May, 2015**

**Deloitte**
**Haskins & Sells**

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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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, 2015, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

# Deloitte Haskins & Sells

Deloitte Haskins & Sells
Chartered Accountants
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**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, 2015, the Statement of Profit and Loss, 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

We conducted our audit 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,

EXCELLENCE THROUGH ENDEAVOURS

MAS FINANCIAL SERVICES LTD.

*The Power of Distribution*

# 20TH ANNUAL REPORT

## 2014-15

**REGISTERED OFFICE**

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

**MAS FINANCIAL SERVICES LIMITED**

**BALANCE SHEET AS AT 31ST MARCH 2015**

| | Notes | As at 31st March 2015 Rupees | As at 31st March 2014 Rupees |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| Share Capital | 3 | 594,712,150 | 594,712,150 |
| Reserves and Surplus | 4 | 813,886,700 | 557,346,447 |
| | | **1,408,598,850** | **1,152,058,597** |
| **Compulsorily Convertible Debentures (Unsecured) (Refer Note No.3.5)** | | 499,800,000 | 499,800,000 |
| **Non-current liabilities** | | | |
| Deferred Subsidy | 5 | - | 83,044 |
| Long-term borrowings | 6 | 1,138,666,819 | 632,423,725 |
| Other Long-term Liabilities | 7 | 929,245,706 | 1,022,776,229 |
| Long-term provisions | 8 | 30,294,852 | 21,119,525 |
| | | **2,098,207,377** | **1,676,402,523** |
| **Current liabilities** | | | |
| Short-term borrowings | 9 | 7,434,059,304 | 5,500,932,604 |
| Trade payables | | 13,890,459 | 20,020,881 |
| Other current liabilities | 10 | 3,205,724,133 | 1,768,491,263 |
| Short-term provisions | 11 | 167,795,108 | 112,747,161 |
| | | **10,821,469,004** | **7,402,191,909** |
| **TOTAL** | | **14,828,075,231** | **10,730,453,029** |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Fixed assets | 12 | | |
| Tangible assets | | 44,174,910 | 57,164,779 |
| Intangible assets | | - | 614,946 |
| Capital Work-in-Progress | | 985,199 | - |
| | | **45,160,109** | **57,779,725** |
| Non-current investments | 13 | 110,994,334 | 108,331,128 |
| Deferred tax assets (net) | 14 | 22,540,474 | 11,364,913 |
| Long-term loans and advances | 15 | 3,450,966,103 | 2,870,432,419 |
| Other non-current assets | 16 | 98,648,878 | 90,861,653 |
| | | **3,683,149,789** | **3,080,990,113** |
| **Current assets** | | | |
| Cash and Bank Balances | 17 | 2,173,287,147 | 1,847,301,542 |
| Short-term loans and advances | 15 | 8,861,132,723 | 5,705,689,758 |
| Other current assets | 18 | 65,345,463 | 38,691,891 |
| | | **11,099,765,333** | **7,591,683,191** |
| **TOTAL** | | **14,828,075,231** | **10,730,453,029** |

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

Place : Ahmedabad
Date : 27th May, 2015

For and on behalf of the Board of Directors

Kamlesh C Gandhi
(Chairman & Managing Director)

Punita Maheshwari
(Company Secretary)

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

Place : Ahmedabad
Date : 27th May, 2015

**MAS FINANCIAL SERVICES LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015**

| | Notes | Year ended 31st March 2015 Rupees | Year ended 31st March 2014 Rupees |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from Operations | 19 | 2,250,532,987 | 1,766,540,470 |
| Other Income | 20 | 8,540,899 | 7,493,633 |
| **Total Revenue** | | **2,259,073,886** | **1,774,034,103** |
| **EXPENDITURE** | | | |
| Employee Benefits Expense | 21 | 159,890,880 | 136,522,232 |
| Finance Costs | 22 | 1,055,434,315 | 754,148,306 |
| Depreciation and Amortisation Expense | 23 | 10,349,565 | 5,711,605 |
| Provisions and Loan Losses | 24 | 193,460,489 | 144,588,358 |
| Other Expenses | 25 | 258,298,706 | 257,663,125 |
| **Total Expenses** | | **1,677,433,955** | **1,298,633,626** |
| **Profit Before Tax** | | 581,639,931 | 475,400,477 |
| **Tax Expense / (benefit):** | | | |
| Current Tax | | 204,900,000 | 171,500,000 |
| Short / (Excess) provision for tax relating to prior years | | (5,699,917) | 330,916 |
| Net current tax expense | | 199,200,083 | 171,830,916 |
| Deferred Tax | | (7,520,100) | (7,009,219) |
| **Net tax expense / (benefit)** | | 191,679,983 | 164,821,697 |
| **Profit for the year** | | 389,959,948 | 310,578,780 |
| Earnings per share (of Rs. 10 each): | 26 | | |
| Basic | | 22.19 | 17.36 |
| Diluted | | 22.19 | 17.36 |

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J. Shah
Partner

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

Place : Ahmedabad
Date : 27th May, 2015

For and on behalf of the Board of Directors

Kamlesh C. Gandhi
(Chairman & Managing Director)

Punita Maheshwari
(Company Secretary)

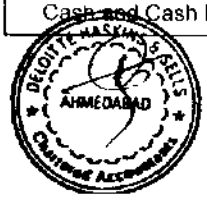
Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)

Place : Ahmedabad
Date : 27th May, 2015

**MAS FINANCIAL SERVICES LTD.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015**

| | Year ended 31st March 2015 | | Year ended 31st March 2014 | |
|---|---|---|---|---|
| | Rupees | | Rupees | |
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Net Profit Before Tax | | 581,639,931 | | 475,400,477 |
| Adjustments for | | | | |
| Depreciation and Amortisation | 10,349,565 | | 5,711,605 | |
| Finance Costs charged to Statement of Profit and Loss | 1,055,434,315 | | 754,148,306 | |
| Provision for Non Performing Assets | 8,194,028 | | 13,524,092 | |
| Contingent Provision against Standard Assets | 9,175,327 | | 7,316,977 | |
| Loss Assets Written Off | 157,129,267 | | 106,211,696 | |
| Loss on Sale of Repossessed Assets | 18,961,867 | | 17,535,593 | |
| Depreciation Recouped from Deferred Subsidy | (83,044) | | (139,318) | |
| Interest Income from Investments and Deposits | (6,901,847) | | (6,585,004) | |
| Dividend Income | (487,675) | | (19,311) | |
| Rental income from operating leases | (1,068,333) | 1,250,703,470 | (750,000) | 896,954,636 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | 1,832,343,401 | | 1,372,355,113 |
| Changes in Working Capital: | | | | |
| Adjustments for (increase)/decrease in operating assets | | | | |
| Loans and Advances | (3,889,632,889) | | (3,075,079,367) | |
| Deposits given as Collateral | 28,800,819 | | 82,442,870 | |
| Other Current Assets | (45,301,097) | | (27,469,248) | |
| Adjustments for increase/(decrease) in operating liabilities | | | | |
| Trade Payables | (6,130,422) | | (910,348) | |
| Security Deposits from Borrowers | 693,239,460 | | 663,502,583 | |
| Other Current Liabilities | 202,493,884 | | 261,679,119 | |
| Short Term Provisions | 1,187,758 | (3,015,342,487) | 1,055,803 | (2,094,778,588) |
| CASH GENERATED FROM / (USED IN) OPERATIONS | | (1,182,999,086) | | (722,423,475) |
| Finance Costs | (1,004,822,502) | | (725,340,149) | |
| Income Tax Paid (Net) | (214,716,236) | (1,219,538,738) | (164,950,788) | (890,290,937) |
| **NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES [A]** | | (2,402,537,824) | | (1,612,714,412) |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Capital expenditure on fixed assets, including capital advances | (7,684,467) | | (4,039,860) | |
| Bank balances not considered as Cash and Cash Equivalents | | | | |
| - Fixed Deposits Matured | - | | 6,259,976 | |
| - Fixed Deposits Placed | (8,429,000) | | - | |
| Interest Income from Investments and Deposits | 805,365 | | 1,819,813 | |
| Purchase of Long Term Investments | (2,663,206) | | - | |
| Dividend Income | | | | |
| Subsidary | 483,750 | | - | |
| Others | 3,925 | | 19,311 | |
| Rental income from operating leases | 1,068,333 | | 750,000 | |
| **NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES [B]** | | (16,415,300) | | 4,809,240 |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from Issue of Non-Convertible Debentures | 200,000,000 | | - | |
| Redemption of Debentures | - | | (360,000,000) | |
| Proceeds of Long Term Borrowings | 1,333,743,919 | | 770,900,698 | |
| Repayments of Long Term Borrowings | (630,143,635) | | (510,410,370) | |
| Net Increase in Working Capital Borrowings | 1,933,126,700 | | 1,970,609,155 | |
| Dividends paid including Dividend Distibution Tax | (69,411,351) | | (105,539,700) | |
| **NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES [C]** | | 2,767,315,633 | | 1,765,559,783 |
| **NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | | 348,362,509 | | 157,654,611 |
| Cash and Cash Equivalents at the beginning of the year | | 1,778,160,493 | | 1,620,505,882 |
| Cash and Cash Equivalents at the end of the year | | 2,126,523,002 | | 1,778,160,493 |



**MAS FINANCIAL SERVICES LTD.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015**

| | Year ended 31st March 2015 Rupees | Year ended 31st March 2014 Rupees |
|---|---|---|
| **Notes:** | | |
| 1 Cash and cash equivalents at the end of the year comprises. | | |
| (a) Cash on Hand | 3,946,844 | 3,176,457 |
| (b) Balances with banks | | |
| In Current/ Cash Credit Accounts (Including Rs. 948,248 (As at 31st March, 2014 Rs. 141,753) in earmarked account i.e "Collection and Payout Account" which can be utilised only for the specific identified purposes.) | 2,122,576,158 | 1,774,984,036 |
| | 2,126,523,002 | 1,778,160,493 |

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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

Gaurav J. Shah
Partner

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

For and on behalf of the Board of Directors

Kamlesh C Gandhi
(Chairman & Managing Director)

Punita Maheshwari
(Company Secretary)

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

Place : Ahmedabad
Date : 27th May, 2015

Place : Ahmedabad
Date : 27th May, 2015

**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 retail asset finance by way 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. 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.

During the year pursuant to the Companies Act, 2013 ("the Act") becoming applicable, the Company has revised its estimate of the useful lives of its existing fixed assets to align them with the useful lives as mentioned in Schedule II of the Act, w.e.f. 1st April, 2014. Refer note 12(b) for effect of the change in the estimate.

**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.

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

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 booked 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 receivables 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

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

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 and other applicable tax laws.

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 2015

| | As at 31st March 2015 Rupees | As at 31st March 2014 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 2015 | | As at 31st March 2014 | |
|---|---|---|---|---|
| | 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 | 10,000,125 | 100,001,250 |
| Add Issued during the period | - | - | 6,000,000 | 60,000,000 |
| Outstanding at the end of the period | **16,000,125** | **160,001,250** | **16,000,125** | **160,001,250** |
| **7% Compulsorily Convertible Cumulative Preference Shares** | | | | |
| Outstanding at the beginning of the period | - | - | 43,471,090 | 434,710,900 |
| Less : Reclassified | - | - | 43,471,090 | 434,710,900 |
| Outstanding at the end of the period | - | - | - | - |
| **13.31% Compulsorily Convertible Cumulative Preference Shares** | | | | |
| Outstanding at the beginning of the period | 21,735,545 | 217,355,450 | - | |
| Add : Reclassified | - | - | 21,735,545 | 217,355,450 |
| 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 | - | - |
| Add : Reclassified | - | - | 21,735,545 | 217,355,450 |
| 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 27th May, 2015, proposed a dividend of Rs 4.75 per equity share The total equity dividend appropriation for the year ended March 31, 2015 amounts to Rs. 91,474,315 including dividend distibution tax of Rs 15,473,721

During the year ended March 31, 2014, the amount of per share dividend recognized as distribution to equity shareholders was Rs.3.50 The total dividend appropriation for the year ended March 31, 2014 amounted to Rs. 65,517,713 including dividend distribution tax of Rs 9,517,275

**(b) Compulsorily Convertible Cumulative Preference Shares**

(i) In FY 2008-09, the Company had allotted 43,471,090 CCCPS of the face value of Rs. 10 each at par. These CCCPS carried a right to be paid fixed cumulative preferential dividend at the rate of 7% per annum free of income-tax

During FY 2013-14, pursuant to the agreement between the Company, its promoters and the investors, ("the Agreement") the terms attached to the aforesaid CCCPS were revised and the same are described under paras (ii) and (iii) below

The total dividend appropriation on the aforesaid 7% CCCPS for the year ended March 31, 2015 is Rs Nil The total dividend appropriation for the year ended March 31, 2014 amounted to Rs 28,989,631 including dividend distribution tax of Rs 4,211 110

(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 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, 2015 amounts to Rs 26,162 including dividend distribution tax of Rs. 4,426 The total dividend appropriation on these 0 01% CCCPS for the year ended March 31, 2014 amounted to Rs 2,926 including dividend distribution tax of Rs 425.

(iii) 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, 2015 amounts to Rs. 34,820,161 including dividend distribution tax of Rs 5,890,151 The total dividend appropriation on these 13.31% CCCPS for the year ended March 31, 2014 amounted to Rs. 3,890,713 including dividend distribution tax of Rs. 565,175.

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 2015 | | As at 31st March 2014 | |
|---|---|---|---|---|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| **Equity Shares** | | | | |
| Kamlesh C. Gandhi | 2,497,127 | 15.61% | 2,497,127 | 15.61% |
| Sweta 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** | | | | |
| 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.

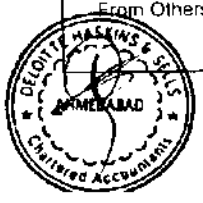
(b) The CCDs shall be fully and mandatorily converted into equity shares on a date which shall be either 31st March, 2020 or such other date as may be solely decided by the investor, provided that such date shall not extend beyond 19 years from 27th July 2012

(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.

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

| | As at 31st March 2015 Rupees | As at 31st March 2014 Rupees |
|---|---|---|
| **Note 4. Reserves and Surplus** | | |
| **Capital Redomption Reserve** | | |
| Opening Balance | - | 60,000,000 |
| Less : Utilised for issue of bonus shares | - | 60,000,000 |
| Closing Balance | - | - |
| **Reserve u/s. 45-IC of RBI Act, 1934 :** | | |
| Opening Balance | 265,279,875 | 203,164,119 |
| Additions during the year | 77,991,990 | 62,115,756 |
| Closing Balance | 343,271,865 | 265,279,875 |
| **Securities Premium Account** | | |
| Opening Balance | 29,940,000 | 29,940,000 |
| Additions during the year | - | - |
| Closing Balance | 29,940,000 | 29,940,000 |
| **General Reserve** | | |
| Opening Balance | 87,367,762 | 56,309,884 |
| Additions during the year | 38,995,995 | 31,057,878 |
| Closing Balance | 126,363,757 | 87,367,762 |
| **Surplus in Statement of Profit and Loss** | | |
| Opening Balance | 174,758,810 | 56,260,264 |
| Less Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer Note 12 (b)) | (7,099,057) | - |
| Add Profit for the year | 389,959,948 | 310,578,780 |
| | 557,619,701 | 366,839,044 |
| Less Appropriations | | |
| Transfer to Reserve u/s. 45-IC of RBI Act,1934 | 77,991,990 | 62,115,756 |
| Interim Dividend on Preference Shares | | 24,776,522 |
| Proposed Dividend on Preference Shares | 28,951,746 | 3,328,039 |
| Proposed Dividend on Equity Shares | 76,000,594 | 56,000,438 |
| Short provision for Dividend Distribution Tax of earlier year | - | 505,614 |
| Dividend distribution tax on preference dividend | 5,894,577 | 4,776,713 |
| Dividend distribution tax on equity dividend | 15,473,721 | 9,517,274 |
| Transfer to General Reserve | 38,995,995 | 31,057,878 |
| **Total Appropriations** | 243,308,623 | 192,080,234 |
| Net Surplus in Statement of Profit and Loss | **314,311,078** | **174,758,810** |
| Total Reserves and Surplus | **813,886,700** | **557,346,447** |
| **Note 5. Deferred Subsidy** | | |
| Balance as per last Balance Sheet | 83,044 | 222,362 |
| Less :Recouped during the year | 83,044 | 139,318 |
| (Refer Note No.2 (G)) | - | 83,044 |

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at 31st March 2015 Rupees | As at 31st March 2014 Rupees | As at 31st March 2015 Rupees | As at 31st March 2014 Rupees |
| **Note 6. Long Term Borrowings** | | | | |
| **(Refer Note No. 6.1)** | | | | |
| **(a) Debentures** | | | | |
| **Unsecured (Sub-ordinate Debt)** | | | | |
| 200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of Rs. 10 lakhs each | 200,000,000 | - | - | - |
| **(b) Term Loans** | | | | |
| **Secured** | | | | |
| From Banks | 765,890,817 | 524,089,327 | 709,165,753 | 530,144,428 |
| From Others | 172,776,002 | 108,334,398 | 318,335,065 | 99,999,200 |
| | 1,138,666,819 | 632,423,725 | 1,027,500,818 | 630,143,628 |



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

| | Amount Non Current | Amount Current | Terms of Redemption/ Repayment | Security |
|---|---|---|---|---|
| **Debentures** | | | | |
| 200 13.50% Unsecured, Redeemable, Non-Convertible Debentures of Rs. 10 lakhs each | 200,000,000 | - | Coupon Rate 13.50% pa<br>Coupon Payment frequency Annually and on Maturity<br>Principal Payment frequency Bullet Payment at the end of the tenor<br>Tenor 6 years & 6 months | N.A. |
| **Total Debentures** | **200,000,000** | - | | |
| **Term Loans from Banks** | | | | |
| Term Loan - I | - | 49,999,992 | Repayable in 36 monthly installments from 25/04/2013<br>Rate of interest: Base Rate + Spread<br>Maturity Period: 1 - 2 years<br>No. of installments due: 12 | Secured by hypothecation of entire receivables or book debts under loan cum hypothication agreement, both present and future, including bills whether documentary or clean and outstanding monies receivable both present and future |
| Term Loan - II | 98,314,333 | 175,775,002 | Repayable in 36 monthly installments from 07/10/2013.<br>Rate of interest: Base Rate + Spread<br>Maturity Period: 1 - 2 years<br>No. of Installments due: 19 | 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 | 212,500,000 | 37,500,000 | Repayable in 20 Quarterly installments from 27/09/2015.<br>Rate of interest: Base Rate + Spread<br>Maturity Period: 5-6 years<br>No. of Installments due: 20 | Secured by a first ranking and exclusive charge on standard recievables of the company created out of the loan availed |
| Term Loan - IV | 260,793,360 | 120,458,789 | Repayable in 36 monthly installments from 07/02/2015<br>Rate of interest: Base Rate + Spread<br>Maturity Period: 2-3 years<br>No. of Installments due: 34 | Secured by a first ranking and exclusive charge on standard recievables of the company created out of the loan availed |
| Term Loan - V | 17,301,177 | 52,413,930 | Repayable in 24 monthly installments from 31/08/2014<br>Rate of interest: Base Rate + Spread<br>Maturity Period: 1-2 years<br>No. of Installments due: 16 | Secured by first and exclusive charge by way of hypothecation of book debts created out of the loan availed |
| Term Loan - VI | 68,648,605 | 81,351,395 | Repayable in 24 monthly installments from 19/04/2015.<br>Rate of interest: Base Rate + Spread<br>Maturity Period: 2-3 years<br>No. of Installments due: 24 | Secured by first and exclusive charge by way of hypothecation of book debts created out of the loan availed |
| Term Loan - VII | 66,666,675 | 33,333,325 | Repayable in 36 monthly installments from 30/04/2015<br>Rate of interest: Base Rate + Spread<br>Maturity Period: 3-4 years<br>No. of Installments due: 36 | 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 - VIII | - | 24,999,995 | Repayable in 36 monthly installments from 28/10/2012<br>Rate of interest: Base Rate + Spread<br>Maturity Period: < 1 years<br>No. of Installments due: 6 | Secured by hypothecation of entire receivables or book debts under loan cum hypothication agreement, both present and future, including bills whether documentary or clean and outstanding monies receivable, both present and future. |
| Term Loan - IX | - | 49,999,992 | Repayable in 36 monthly installments from 31/01/2013<br>Rate of interest: Base Rate + Spread<br>Maturity Period: < 1 years<br>No. of Installments due: 9 | Secured by hypothecation of entire receivables or book debts under loan cum hypothication agreement, both present and future, including bills whether documentary or clean and outstanding monies receivable both present and future |
| Term Loan - X | 41,666,667 | 83,333,333 | Repayable in 36 monthly installments from 30/10/2013.<br>Rate of interest: Base Rate + Spread<br>Maturity Period: 1 - 2 years<br>No. of Installments due: 18 | 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 |
| **Total Term Loans from Banks** | 765,890,817 | 709,165,753 | | |

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

| | | | | |
|---|---|---|---|---|
| **Term Loans from Others** | | | | |
| Term Loans from a Financial Institution - I | - | 25,000,000 | Repayable in 12 quarterly installments from 10/12/2012<br>Rate of interest: BPLR<br>Maturity Period: < 1 year<br>No. of Installments due: 2 | Secured by hypothecation of book debts created out of the loan availed and also lien on specific bank fixed deposits |
| Term Loans from a Financial Institution - II | 16,667,601 | 24,999,600 | Repayable in 36 monthly installments from 15/12/2013<br>Rate of interest: LTLR + Spread<br>Maturity Period: 1 - 2 year<br>No. of Installments due: 20 | Secured by hypothecation of book debts created out of the loan availed |
| Term Loans from a Financial Institution - III | 16,667,601 | 24,999,600 | Repayable in 36 monthly installments from 15/12/2013<br>Rate of interest: LTLR + Spread<br>Maturity Period: 1 - 2 year<br>No. of Installments due: 20 | Secured by hypothecation of book debts created out of the loan availed |
| Term Loans from a Financial Institution - IV | 52,774,000 | 33,336,000 | Repayable in 36 monthly installments from 15/11/2014<br>Rate of interest: LTLR + Spread<br>Maturity Period: 2-3 year<br>No. of Installments due: 31 | Secured by hypothecation of book debts created out of the loan availed |
| Term Loans from a Financial Institution - V | 86,666,400 | 33,333,600 | Repayable in 36 monthly installments from 1504/2015<br>Rate of interest: LTLR + Spread<br>Maturity Period: 3 - 4 year<br>No. of Installments due: 36 | Secured by hypothecation of book debts created out of the loan availed |
| Term Loans from a Financial Institution - VI | 20,000,400 | 9,999,600 | Repayable in 36 monthly installments from 1504/2015<br>Rate of interest: LTLR + Spread<br>Maturity Period: 3 - 4 year<br>No. of Installments due: 36 | Secured by hypothecation of book debts created out of the loan availed |
| Term Loans from a Financial Institution - VII | - | 166,666,665 | Repayable in 6 quarterly installments from 25/11/2014<br>Rate of interest: Fixed<br>Maturity Period: 2-3 year<br>No. of Installments due: 4 | Secured by hypothecation of book debts created out of the loan availed |
| **Total Term Loans from Others** | 172,776,002 | 318,335,065 | | |

**MAS FINANCIAL SERVICES LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

| | As at 31st March 2015 Rupees | As at 31st March 2014 Rupees |
|---|---|---|
| **Note 7. Other Long Term Liabilities** | | |
| Security deposits received | 899,963,797 | 996,455,879 |
| Interest accrued but not due on security deposits | 29,281,909 | 26,320,350 |
| | 929,245,706 | 1,022,776,229 |
| **Note 8. Long-term Provisions** | | |
| Contingent Provision against Standard Assets | 30,294,852 | 21,119,525 |
| | 30,294,852 | 21,119,525 |
| **Note 9. Short-term borrowings** | | |
| **Secured** | | |
| Loans repayable on demand. | | |
| From Banks: | | |
| Cash Credit and Overdrafts | 3,384,248,687 | 2,550,932,604 |
| Short Term Loans | | |
| From Banks | 4,049,810,617 | 2,950,000,000 |
| **Unsecured** | | |
| Commercial Paper (Refer Note 9.1 below) | - | - |
| | 7,434,059,304 | 5,500,932,604 |

**9.1** The Company has issued Commercial Papers during the year. The maximum amount of Commercial Papers outstanding at any time during the year was Rs. 950,000,000 (Previous Year - Rs. 820,000,000). As at 31st March, 2015 and 31st March, 2014 there were no Commercial Papers outstanding.

**9.2** 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 10. Other Current Liabilities** | | |
| Current Maturities of long-term debt ( Refer Note Nos. 6 & 6.1 for details including security and guarantee) | 1,027,500,818 | 630,143,628 |
| Interest accrued but not due on borrowings | 38,906,765 | 26,628,790 |
| Other Payables: | | |
| Statutory remittances (Contributions to PF and ESIC, Service Tax, etc.) | 17,695,089 | 12,268,336 |
| Dues to the assignees towards collections from assigned receivables | 558,337,816 | 360,976,394 |
| Other Interest accrued but not due | 80,517,865 | 45,145,586 |
| Security deposits received | 1,482,725,190 | 692,993,648 |
| Advance payments received | 40,590 | 334,881 |
| | 3,205,724,133 | 1,768,491,263 |
| **Note 11. Short-term Provisions** | | |
| **Provision for Employee Benefits** | | |
| Compensated Absences | 4,276,583 | 3,088,825 |
| **Other Provisions** | | |
| Provision for Tax (net of Advance Tax) | - | 11,243,126 |
| Provision for Non-Performing Assets | 37,197,887 | 29,003,859 |
| Provision for proposed equity dividend | 76,000,594 | 56,000,438 |
| Provision for proposed preference dividend | 28,951,746 | 3,328,039 |
| Provision for dividend distribution tax on proposed equity dividend | 15,473,721 | 9,517,274 |
| Provision for dividend distribution tax on proposed preference dividend | 5,894,577 | 565,600 |
| | 167,795,108 | 112,747,161 |

MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 12. Fixed Assets

| NATURE OF ASSETS | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April, 2014 | Additions during the year | Deductions during the year | As at 31st March 2015 | As at 1st April, 2014 | For the year (Refer Note (b) below) | Transition adjustment recorded against Surplus balance in Statement of Profit and Loss | On Deductions during the year | As at 31st March 2015 | As at 31st March, 2015 | As at 31st March, 2014 |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Tangible assets | | | | | | | | | | | |
| Office Building (Refer Note (a) below) | 22,975,956 | - | | 22,975,956 | 3,876,621 | 368,545 | | - | 4,245,166 | 18,730,790 | 19,099,335 |
| Furniture & Fixtures | 26,675,453 | 1,023,517 | | 27,698,970 | 13,400,559 | 4,007,091 | 549,812 | - | 17,957,462 | 9,741,508 | 13,274,894 |
| Vehicles | 11,236,515 | - | - | 11,236,515 | 4,423,979 | 1,615,240 | 267,842 | - | 6,307,061 | 4,929,454 | 6,812,536 |
| Office Equipment | 50,421,926 | 6,475,751 | | 56,897,677 | 32,443,912 | 3,743,743 | 9,936,864 | - | 46,124,519 | 10,773,158 | 17,978,014 |
| Total | 111,309,850 | 7,499,268 | - | 118,809,118 | 54,145,071 | 9,734,619 | 10,754,518 | - | 74,634,208 | 44,174,910 | 57,164,779 |
| Previous Year | 108,419,990 | 2,889,860 | - | 111,309,850 | 48,754,029 | 5,391,042 | - | - | 54,145,071 | 57,164,779 | |
| Intangible Assets | | | | | | | | | | | |
| Software | 1,602,817 | - | | 1,602,817 | 987,871 | 614,946 | - | | 1,602,817 | | 614,946 |
| Total | 1,602,817 | - | - | 1,602,817 | 987,871 | 614,946 | - | - | 1,602,817 | - | 614,946 |
| Previous Year | 1,602,817 | - | - | 1,602,817 | 667,308 | 320,563 | - | - | 987,871 | 614,946 | |
| Grand Total | 112,912,667 | 7,499,268 | - | 120,411,935 | 55,132,942 | 10,349,565 | 10,754,518 | - | 76,237,025 | 44,174,910 | 57,779,725 |
| Previous Year | 110,022,807 | 2,889,860 | - | 112,912,667 | 49,421,337 | 5,711,605 | - | - | 55,132,942 | 57,779,725 | |

Note :

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

(b) During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 ("the Act") with effect from 1st April 2014, the Company has has adopted the useful lives of fixed assets as specified in Schedule II of the Act, w e f. 1st April, 2014. Accordingly, the unamortised carrying value of the assets as on that date is being depreciated over their revised remaining useful lives. Pursuant to the transition provisions prescribed in Schedule II to the Act, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on 1st April, 2014, and has adjusted an amount of Rs. 7,099,057 (net of deferred tax) against the opening balance of surplus in the Statement of Profit and Loss under Reserves and Surplus. Had the Company continued to follow the earlier useful lives, the depreciation expense for the year would have been lower by Rs. 4,211,590; profit for the year would have been higher by Rs. 4,211,590 and the net block of fixed assets would have been higher by Rs. 14,966,108

MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

| | Face Value Per Share/ Bond Rupees | As at 31st March 2015 | | As at 31st March 2014 | |
|---|---|---|---|---|---|
| | | No. of Shares/ Bonds | Rupees | No. of Shares/ Bonds | Rupees |
| **Note 13. Non-Current Investments (at cost)** | | | | | |
| **(A) TRADE:** | | | | | |
| **UNQUOTED** | | | | | |
| **In Subsidiary Company** | | | | | |
| Fully paid up Equity Shares of | | | | | |
| Mas Rural Housing & Mortgage Finance Ltd | 10 | 10,750,000 | 107,500,000 | 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 | 3 | 4,560 |
| IndusInd Bank Ltd. | 10 | 102 | 4,590 | 102 | 4,590 |
| Kotak Mahindra Bank Ltd | 5 | 250 | 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 | | 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 | - | - |
| **Total Non-Current Investment** | | | 110,994,334 | | 108,331,128 |
| 1 Aggregate amount of Quoted Investments | | | | | |
| Cost | | | 870,844 | | 870,844 |
| Market Value | | | 1,409,397 | | 1,255,799 |
| (In respect of Government Securities face value considered as market value is not available) | | | | | |
| 2 Aggregate amount of Unquoted Investments | | | 110,170,131 | | 107,506,925 |

| | As at 31st March 2015 Rupees | As at 31st March 2014 Rupees |
|---|---|---|
| **Note 14. Deferred Tax Asset** | | |
| **Tax effect of items constituting Deferred Tax Liability** | | |
| 1 On difference between book balance and tax balance of fixed assets | (1,853,919) | (6,721,917) |
| **Tax effect of items constituting Deferred Tax Assets** | | |
| 1 Provision for non-performing assets | 12,643,562 | 9,858,412 |
| 2 Contingent Provision for Standard Assets | 10,297,220 | 7,178,527 |
| 3 Provision for Compensated Absences | 1,453,611 | 1,049,891 |
| **Total Deferred Tax Assets** | 24,394,393 | 18,086,830 |
| **Net Deferred Tax Assets** | **22,540,474** | **11,364,913** |

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at 31st March 2015 Rupees | As at 31st March 2014 Rupees | As at 31st March 2015 Rupees | As at 31st March 2014 Rupees |
| **Note 15. Loans and advances** | | | | |
| **(A) Loans to Customers** | | | | |
| **(i) Secured** | | | | |
| Loans | 2,644,207,475 | 2,109,647,250 | 4,882,699,271 | 3,389,071,927 |
| Retained Interest on securitisation/assignment | 165,784,210 | 60,430,937 | 335,278,047 | 220,620,108 |
| Installments and other dues from borrowers | - | - | 87,991,262 | 135,163,799 |
| | 2,809,991,685 | 2,170,078,187 | 5,305,968,580 | 3,744,855,834 |
| Less: Unaccrued Interest Charges | 74,608,066 | 98,348,276 | 165,745,323 | 186,466,312 |
| | 2,735,383,619 | 2,071,729,911 | 5,140,223,257 | 3,558,389,522 |
| **(ii) Unsecured** | | | | |
| Loans | 767,787,828 | 902,312,321 | 3,459,265,726 | 2,142,350,361 |
| Retained Interest on securitisation/assignment | 17,236,356 | 18,840,890 | 86,038,242 | 56,462,405 |
| Installments and other dues from borrowers | - | - | 193,308,324 | 78,357,349 |
| | 785,024,184 | 921,153,211 | 3,738,612,292 | 2,277,170,115 |
| Less: Unaccrued Interest Charges | 82,063,737 | 128,724,933 | 373,050,363 | 326,289,241 |
| | 702,960,447 | 792,428,278 | 3,365,561,929 | 1,950,880,874 |
| **Total Loans to Customers (A)** | 3,438,344,066 | 2,864,158,189 | 8,505,785,186 | 5,509,270,396 |
| **Of the above:** | | | | |
| Considered Good | 3,438,344,066 | 2,864,158,189 | 8,468,587,299 | 5,480,266,537 |
| Considered Doubtful - Non Performing Assets | - | - | 37,197,887 | 29,003,859 |
| | 3,438,344,066 | 2,864,158,189 | 8,505,785,186 | 5,509,270,396 |
| **Notes:** | | | | |
| 15.1 Secured exposures are exposures secured wholly or partly by hypothecation of assets and/or undertaking to create a security. | | | | |
| 15.2 Percentage of loans against gold to total assets | | | 0.00% | 0.03% |
| **(B) Other Loans and Advances** | | | | |
| (i) Advances to Dealers | | | | |
| Unsecured - considered good | - | - | 324,800,103 | 191,760,822 |
| (ii) Security deposits | | | | |
| Unsecured, considered good | 3,802,993 | 4,023,230 | - | - |
| (iii) Advances to employees | | | | |
| Unsecured, considered good | - | - | 1,166,186 | 1,089,163 |
| (iv) Prepaid expenses | 3,095,017 | - | 26,078,262 | 733,494 |
| (v) Advances recoverable in cash or kind | | | | |
| Unsecured, considered good | - | - | 3,302,986 | 2,835,883 |
| (vi) Capital Advances | | | | |
| Unsecured, considered good | 1,451,000 | 2,251,000 | - | - |
| (vii) Advance Tax and TDS (Net of provisions) | 4,273,027 | - | - | - |
| Unsecured, considered good | | | | |
| **Total Other Loans and Advances (B)** | **12,622,037** | **6,274,230** | **355,347,537** | **196,419,362** |
| **Total Loans and Advances (A) + (B)** | **3,450,966,103** | **2,870,432,419** | **8,861,132,723** | **5,705,689,758** |

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

| | As at 31st March 2015 Rupees | As at 31st March 2014 Rupees |
|---|---|---|
| **Note 16. Other Non-Current Assets** | | |
| **Non-current Bank Balances** | | |
| In Fixed Deposit Accounts: | | |
| Deposits given as security against borrowings and other commitments | 66,856,000 | 59,927,000 |
| Deposits given as collateral against assets securitised/assigned | 15,793,100 | 23,048,874 |
| Interest Accrued on Deposits | 15,999,778 | 7,885,779 |
| | **98,648,878** | **90,861,653** |

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at 31st March 2015 Rupees | As at 31st March 2014 Rupees | As at 31st March 2015 Rupees | As at 31st March 2014 Rupees |
| **Note 17. Cash and Bank Balances** | | | | |
| **Cash and Cash Equivalents** | | | | |
| Cash on Hand | - | - | 3,946,844 | 3,176,457 |
| Balances with Banks: | | | | |
| In Current/ Cash Credit Accounts (Refer Note 17.1 below) | - | - | 2,122,576,158 | 1,774,984,036 |
| **Other Bank Balances** | | | | |
| In Fixed Deposit Accounts:(Refer Note 17.2 below) | | | | |
| Deposits given as security against borrowings and other commitments | 66,856,000 | 59,927,000 | 2,052,024 | 552,024 |
| Deposits given as collateral against assets securitised/assigned | 15,793,100 | 23,048,874 | 44,712,121 | 68,589,025 |
| Total | 82,649,100 | 82,975,874 | 2,173,287,147 | 1,847,301,542 |
| Less:- | | | | |
| Amount disclosed under non current assets | 82,649,100 | 82,975,874 | - | - |
| | - | - | 2,173,287,147 | 1,847,301,542 |

**Note:**

17.1 Includes Rs. 948,248 (As at 31st March, 2014 Rs. 141,753) in earmarked account i.e. "Collection and Payout Account"

17.2 Other bank balances include deposits amounting to Rs. 98,313,245 (As at 31st March, 2014 Rs. 121,211,702) which have an original maturity of more than 12 months.

| | | |
|---|---|---|
| **Note 18. Other Current Assets** | | |
| Interest Accrued | | |
| On Investments | 32,563 | 32,563 |
| On Term Loans | 53,138,181 | 31,408,080 |
| On Deposits | 1,504,139 | 1,189,797 |
| | 54,674,883 | 32,630,440 |
| Re-posessed Assets | 10,670,580 | 6,061,451 |
| | 65,345,463 | 38,691,891 |

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

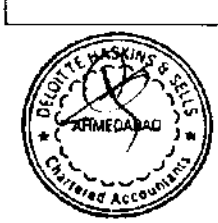
| | Year ended 31st March 2015 Rupees | Year ended 31st March 2014 Rupees |
|---|---|---|
| **Note 19. Revenue from operations** | | |
| (a) Income from Financing Activity | | |
| i) Interest | 2,048,764,424 | 1,617,586,628 |
| ii) Other Operating Revenue | | |
| Service Charges, Stamp & Document Charges etc. | 196,059,621 | 140,050,492 |
| (b) Interest on deposits placed as collateral towards assets assigned / securitised | 5,279,587 | 8,294,343 |
| (c) Income from Non-Financing Activity | 429,355 | 609,007 |
| | 2,250,532,987 | 1,766,540,470 |
| **Note 20. Other Income** | | |
| Interest Income: | | |
| On Investments - Non-Current, Non-Trade, Quoted (Govt. Securities) | 91,425 | 91,425 |
| On Bank Deposits | 6,810,422 | 6,100,908 |
| On Other Deposits | - | 392,671 |
| Dividend Income: | | |
| from Long-Term Investments | | |
| subsidiaries | 483,750 | - |
| others | 3,925 | 19,311 |
| Other Non-Operating Income: | | |
| Rent | 1,068,333 | 750,000 |
| Miscellaneous Income | 83,044 | 139,318 |
| | 8,540,899 | 7,493,633 |
| **Note 21. Employee Benefits Expense** | | |
| Salaries, Bonus and Allowances | 151,198,032 | 127,734,692 |
| Contributions to Provident & Other Funds | 4,887,093 | 5,067,572 |
| Staff Welfare Expenses | 3,805,755 | 3,719,968 |
| | 159,890,880 | 136,522,232 |
| **Note 22. Finance Costs** | | |
| Interest: | | |
| On Bank Borrowings | 740,414,346 | 474,549,938 |
| On Debentures | 66,009,616 | 80,691,781 |
| On Others | 184,910,164 | 116,691,461 |
| | 991,334,126 | 671,933,180 |
| Discount on Commercial Papers | 23,478,050 | 25,016,820 |
| Other Borrowing Costs | 40,622,139 | 57,198,306 |
| | 1,055,434,315 | 754,148,306 |

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

**MAS FINANCIAL SERVICES LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

| | Year ended 31st March 2015 Rupees | Year ended 31st March 2014 Rupees |
|---|---|---|
| **Note 23. Depreciation and Amortisation (Refer Note No. 12)** | | |
| Depreciation on tangible assets | 9,734,619 | 5,391,042 |
| Amortisation of intangible assets | 614,946 | 320,563 |
| | 10,349,565 | 5,711,605 |
| **Note 24. Provisions and Loan Losses** | | |
| Loss Assets Written Off | 157,129,267 | 106,211,696 |
| Loss on Sale of Repossessed Assets (Net) | 18,961,867 | 17,535,593 |
| Provision for Non-Performing Assets | 8,194,028 | 13,524,092 |
| Contingent Provision against Standard Assets | 9,175,327 | 7,316,977 |
| | 193,460,489 | 144,588,358 |
| **Note 25. Other Expenses** | | |
| Rent | 13,078,408 | 13,462,672 |
| Rates & Taxes | 2,492,703 | 1,170,883 |
| Stationery & Printing | 7,695,129 | 7,137,796 |
| Telephone | 7,322,134 | 6,611,897 |
| Electricity | 5,639,189 | 5,012,135 |
| Postage & Courier | 5,544,822 | 6,448,972 |
| Insurance | 7,856,072 | 7,197,386 |
| Conveyance | 16,526,610 | 16,899,891 |
| Travelling | 17,131,149 | 12,868,794 |
| Repairs & Maintenance: | | |
| Building | 652,127 | 1,808,495 |
| Others | 7,165,284 | 6,453,159 |
| | 7,817,411 | 8,261,654 |
| Professional Fees (Refer Note 25.1 below) | 15,806,067 | 12,206,569 |
| Director's Sitting Fees | 295,000 | 290,000 |
| Legal Expenses | 16,806,816 | 19,483,183 |
| Bank Charges | 12,609,245 | 11,321,856 |
| Commission | 64,276,492 | 59,836,121 |
| Advertisement Expenses | 11,723,730 | 13,320,747 |
| Sales Promotion Expenses | 5,999,807 | 6,610,139 |
| Donation | 1,000 | 154,000 |
| Recovery Contract Charges | 29,680,227 | 39,354,622 |
| Miscellaneous Expenses | 9,996,695 | 10,013,808 |
| | 258,298,706 | 257,663,125 |
| **Note 25.1** | | |
| **Professional fees include Payment to Statutory Auditors** | | |
| As Auditors: | | |
| Statutory Audit Fees | 1,235,960 | 1,416,980 |
| Other Services | 313,708 | 308,990 |
| | **1,549,668** | **1,725,970** |



MAS FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

| | Year ended 31st March 2015 Rupees | Year ended 31st March 2014 Rupees |
|---|---|---|
| **Note 26. Earnings Per Share** | | |
| **(A) Basic** | | |
| **Computation of Profit (Numerator)** | | |
| Net Profit for the year | 389,959,948 | 310,578,780 |
| Less. Preference dividend including tax thereon | 34,846,323 | 32,883,274 |
| Net Profit for the year attributable to Equity Shareholders | 355,113,625 | 277,695,506 |
| **Computation of Weighted Average Number of Shares (Denominator)** | **Nos.** | **Nos.** |
| Weighted average number of Equity Shares of Rs. 10 each used for calculation of basic Earnings per Share | 16,000,125 | 16,000,125 |
| Basic Earnings per Share of face value of Rs. 10 each (in Rs.) | 22.19 | 17.36 |
| **(B) Diluted** | | |
| **Computation of Profit (Numerator)** | **Rupees** | **Rupees** |
| Net Profit attributable to Equity Shareholder's as above | 355,113,625 | 277,695,506 |
| **Computation of Weighted Average Number of Shares (Denominator) (Refer Note below)** | **Nos.** | **Nos.** |
| Weighted average number of Equity Shares as above | 16,000,125 | 16,000,125 |
| Diluted Earnings per Share of face value of Rs. 10 each (in Rs.) (Refer Note below) | 22.19 | 17.36 |

**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:**

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

| | As at 31st March 2015 Rupees | As at 31st March 2014 Rupees |
|---|---|---|
| Guarantees given on behalf of subsidiary Company | | |
| a) To a bank | | |
| Amount of guarantee Rs.700,000,000 (Previous Year Rs.600,000,000) | | |
| Amount of loan outstanding | 479,017,973 | 427,142,945 |
| b) To National Housing Bank (NHB) | | |
| Amount of guarantee Rs.120,000,000 (Previous Year Rs.70,000,000) | | |
| Amount of loan outstanding | 60,969,000 | 37,016,000 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for - Tangible Assets | 700,000 | 1,975,000 |

28 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 31st March 2015 No./Rupees | As at 31st March 2014 No./Rupees |
|---|---|---|---|
| 1 | No of SPVs sponsored by the company for securitization transactions | 3 | 3 |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored by the company | 261,491,781 | 419,575,285 |
| 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 | 60,505,221 | 67,644,146 |
| | • Others | 114,757,047 | 50,954,075 |
| 4 | 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 31st March 2015 No./Rupees | As at 31st March 2014 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) | 8,011,428,188 | 5,233,107,325 |
| 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 | 489,579,808 | 305,400,265 |
| 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 | 23,993,753 |
| | • Others | Nil | Nil |
| | ii) Exposure to third party assignments | | |
| | • First loss | Nil | Nil |
| | • Others | Nil | Nil |

29 There are no disclosures to be made as required by Clause 28 of the Listing Agreement for Debt Securities.

30. Disclosures for operating leases under Accounting Standard 19 – "Accounting for Leases" specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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:

| | Year Ended 31-03-2015 Rupees | Year Ended 31-03-2014 Rupees |
|---|---|---|
| 1. Lease payments recognised in the Statement of Profit and Loss | 13,078,408 | 13,462,672 |
| 2. Sublease payments received recognised in the Statement of Profit and Loss | 1,068,333 | 750,000 |

**Note:-**

i. The company has given refundable, interest free security deposits under certain agreements.

ii. Certain agreements contain a provision for their renewal

31. **Employee Benefits**

Disclosures as required as per Accounting Standard AS-15 (revised) – 'Employee Benefits' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 in respect of Gratuity are as under:

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

| | | As at/ For the year ended 31st March 2015 Rupees | As at/ For the year ended 31st March 2014 Rupees |
|---|---|---|---|
| A | **Net liability /(assets) recognised in the Balance Sheet as at 31st March** | | |
| | Present value of funded obligation | 5,589,560 | 5,509,917 |
| | Fair value of plan assets | 8,526,189 | 8,207,333 |
| | Present value of unfunded obligation | - | - |
| | Net liability/(assets) | (2,936,629) | (2,697,416) |
| B | **Expense recognised in the profit and loss account for the year** | | |
| | Current service cost | 737,364 | 676,480 |
| | Interest on obligation | 484,110 | 394,209 |
| | Expected return on plan assets | (761,056) | (685,714) |
| | Net actuarial losses (gains) recognised in the year | (480,839) | (276,829) |
| | Past Service Liability | (266,099) | - |
| | Total expense included in employee benefit expense | (286,521) | 108,146 |
| | Actual return on Plan assets | 743,472 | 698,129 |
| C | **Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:** | | |
| | Opening defined benefit obligation | 5,509,917 | 4,795,374 |
| | Service Cost | 737,364 | 676,480 |
| | Interest Cost | 484,110 | 394,209 |
| | Actuarial losses /(gains) | (498,423) | (264,414) |
| | Past Service Liability | (266,099) | - |
| | Benefits paid | (377,308) | (91,732) |
| | Closing defined benefit obligation | 5,589,560 | 5,509,917 |
| 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 | 8,207,333 | 7,479,088 |
| | Expense deducted from the fund | (131,008) | - |
| | Expected return | 761,056 | 685,714 |
| | Actuarial gains / (losses) | (17,584) | 12,415 |

| | | | |
|---|---|---|---|
| | Contributions by Employer | 83,700 | 121,848 |
| | Benefits paid | (377,308) | (91,732) |
| | Closing balance of fair value of plan assets | 8,526,189 | 8,207,333 |
| 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) | 7.80% | 9.00% |
| | Expected return on plan assets | 8.70% | 9.15% |
| | Annual increase in salary costs (Refer note 1(a) below) | 5.00% | 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, 2015 Rupees** | **Year ended 31st March, 2014 Rupees** |
|---|---|---|---|
| | Amount recognized as an expense and included in Note 21 of Statement of Profit and Loss. | | |
| | Provident Fund | 3,681,951 | 3,179,899 |
| | E.S.I.C | 668,911 | 929,811 |
| | **Total** | 4,350,862 | 4,109,710 |

3 **Experience Adjustments:**

| | **As at 31-03-2015 Rupees** | **As at 31-03-2014 Rupees** | **As at 31-03-2013 Rupees** | **As at 31-03-2012 Rupees** | **As at 31-03-2011 Rupees** |
|---|---|---|---|---|---|
| Present value of the defined benefit obligation | 5,589,560 | 5,509,917 | 4,795,374 | 3,960,522 | 4,902,901 |
| Fair value of the plan assets | 8,526,189 | 8,207,333 | 7,479,088 | 5,778,422 | 3,271,839 |
| Deficit/(Surplus) in the plan | (2,936,629) | (2,697,416) | (2,683,714) | (1,817,900) | 1,631,062 |
| Experience (gain) / loss adjustments on plan liabilities | (498,423) | (264,415) | 24,112 | (1,674,771) | - |
| Experience (gain) / loss adjustments on plan assets | 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

33. **Related Party Disclosures**

Related party disclosures as required by Accounting Standard 18, "Related Party Disclosures", specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014

**List of related parties and relationships**:

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

**Related party transactions:**

| Sr. No. | Nature of transactions | Year ended 31st March 2015 Rupees | Year ended 31st March 2014 Rupees |
|---|---|---|---|
| 1 | **Interest income:** | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | - | 864,768 |
| | | | |
| 2 | **Inter-Corporate deposit given to:** | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | - | 71,000,000 |
| | | | |
| 3 | **Inter-Corporate deposit repaid by:** | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | - | 73,000,000 |
| | | | |
| 4 | **Rent income:** | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | 1,068,333 | 750,000 |
| | | | |
| 5 | **Expenditure reimbursed by:** | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | 10,553,149 | 7,690,782 |
| | | | |
| 6 | **Remuneration paid:** | | |
| | Mr. Kamlesh C. Gandhi | 21,743,846 | 15,917,094 |
| | Mr. Mukesh C. Gandhi | 21,582,774 | 15,804,828 |
| | | | |
| 7 | **Dividend received:** | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | 483,750 | - |
| | | | |
| 8 | **Guarantees given:** | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | 820,000,000 | 670,000,000 |
| | | | |
| 9 | **Guarantees outstanding as at year end:**<br>MAS Rural Housing & Mortgage Finance Ltd. | 539,986,973 | 464,158,945 |
| | | | |
| 10 | **Investment outstanding as at year end:** | | |
| | MAS Rural Housing & Mortgage Finance Ltd. | 107,500,000 | 107,500,000 |

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**

| | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
|---|---|---|
| | Rupees | Rupees |
| Amount of dividend remitted in foreign currency | | |
| Dividend for F.Y. 2013-14 | 3,328,477 | - |
| Dividend for F.Y. 2012-13 | - | 30,430,060 |
| Interim Dividend for F.Y. 2013-14 | - | 24,778,522 |
| Total number of non-resident shareholders (to whom the dividends where remitted in foreign currency) | 3 | 2 |
| 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 | 125 | 125 |
| Year to which the dividend relates | 2013-14<br>- | 2012-13<br>2013-14 |

37. **Expenditure in Foreign Currency**

| | Year ended 31st March, 2015 | Year ended 31st March, 2014 |
|---|---|---|
| | Rupees | Rupees |
| Interest Paid | 64,974,000 | 64,974,000 |

38 The disclosures required in terms of Paragraph 13 of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are given in Annexure A forming part of these Financial Statements.

39 The disclosures required in terms of Paragraph 5 of Reserve Bank of India Circular No. RBI 2008-09/116 DNBS (PD) CC. No. 125/03.05.002/2008-09 as regards capital adequacy, liquidity and disclosure norms are given in Annexure B forming part of these Financial Statements.

40 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" are given in Annexure C forming part of these Financial Statements.

41. **Previous Year's Figures**

Previous year figures have been regrouped / reclassified to conform to the current year's classification.

For and on behalf of Board of Directors

Kamlesh C. Gandhi
(Chairman & Managing Director)

Punita Maheshwari
(Company Secretary)

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

Place: Ahmedabad
Date : 27th May, 2015

## ANNEXURE A (Forming part of the financial statements)

## Notes to the Balance Sheet

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

(Rs.In Lakhs)

| | Particulars | Year ended 31st March 2015 | |
|---|---|---|---|
| | **Liabilities side :** | | |
| (1) | Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid | Amount Outstanding | Amount Overdue |
| | (a) Debentures Secured | NIL | NIL |
| | Unsecured (other than falling within the meaning of Public deposits*) | 7,008.36 | NIL |
| | (b) Deferred Credits | NIL | NIL |
| | (c)] Term Loans | 19,725.54 | NIL |
| | (d) Inter-corporate loans and borrowing | NIL | NIL |
| | (e) Commercial Paper | NIL | NIL |
| | (f) Other Loans. | | |
| | From Banks | 74,340.59 | NIL |
| | From a Company | NIL | NIL |
| | Security Deposits | 24,924.89 | NIL |

*Please see note 1 Below

| | **Assets side:** | **Amount Outstanding** |
|---|---|---|
| (2) | Break-up of Loans and Advances including bills receivables [other than those included in (4) below] | |
| | (a) Secured | 78,756.07 |
| | (b) Unsecured | 43,933.22 |

| | | | |
|---|---|---|---|
| (3) | Break up of leased Assets and stock on hire and other assets counting towards AFC Activities | | |
| | (i) Lease assets including lease rentals under sundry debtors: | | |
| | (a) | Financial lease | NIL |
| | (b) | Operating lease | NIL |
| | (ii) Stock on hire including hire charges under sundry debtors : | | |
| | (a) | Assets on hire | NIL |
| | (b) | Repossessed Assets | NIL |
| | (iii) Other loans counting towards AFC activities | | |
| | (a) | Loans where assets have been Repossessed | NIL |
| | (b) | Loans other than (a) above | NIL |

(4) **Break-up of investments :**

Current investments :

| | | | |
|---|---|---|---|
| 1. | Quoted : | | |
| (i) | Shares : | (a) Equity | NIL |
| | | (b) Preference | NIL |
| (ii) | Debentures and Bonds | | NIL |
| (iii) | Units of mutual funds | | NIL |

## ANNEXURE A (Forming part of the financial statements)

## Notes to the Balance Sheet

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

2. Unquoted

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

Long Term Investments

1. Quoted :

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

2. Unquoted

| | | | |
|---|---|---|---|
| (i) | Shares | (a) Equity | 1,075.07 |
| | | (b) Preference | NIL |
| (ii) | Debentures and Bonds | | NIL |
| (iii) | Units of mutual funds | | NIL |
| (iv) | Government Securities | | NIL |
| (v) | Others – Pass Through Certificates | | 26.63 |

(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 | 78,756.07 | 43,933.22 | 122,689.29 |
| **Total** | 78,756.07 | 43,933.22 | 122,689.29 |

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

## ANNEXURE A (Forming part of the financial statements)

## Notes to the Balance Sheet

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted )

Please see note 3 below

| Category | | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
|---|---|---|---|
| 1 Related Parties ** | | | |
| (a) | Subsidiaries | 1,357.44 | 1,075.00 |
| (b) | Companies in the same group | NIL | NIL |
| (c) | Other related parties | NIL | NIL |
| 2 Other than related parties ** | | 40.80 | 34.94 |
| | **Total** | **1,398.24** | **1,109.94** |

** 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 | 2,081.33 |
| (ii) | Net Non-Performing Assets | |
| | (a) Related parties | NIL |
| | (b) Other than related parties | 1,709.35 |
| (iii) | Assets acquired in satisfaction of debt | 106.71 |

**Notes:**

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

2 Provisioning norms are applicable as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above

## ANNEXURE B (Forming part of the financial statements)

## Notes to the Balance Sheet

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

**CRAR (Capital to Risk Asset Ratio)**

| | Items | Current Year | Previous Year |
|---|---|---|---|
| i) | CRAR (%) | 17.13 | 18.55 |
| ii) | CRAR – Tier I Capital (%) | 11.28 | 12.83 |
| iii) | CRAR – Tier II Capital (%) | 5.85 | 5.72 |

**Exposures**

**Exposure to Real Estate Sector**

(Rs.In Lakhs)

| | | | 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). | | | 2,597.62 | 475.27 |

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

## ANNEXURE B (Forming part of the financial statements)

## Notes to the Balance Sheet

**Asset Liability Management**
**Maturity pattern of certain items of assets and liabilities**

(Rs. In crores)

| | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 months up to 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over3 years to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | | |
| Borrowings from banks (including NCDs) | 5.77 | 5.75 | 5.78 | 18.75 | 34.13 | 66.08 | 10 | 1.25 | 147.51 |
| Market Borrowings | 1.06 | 5.22 | 2.31 | 8.58 | 14.67 | 17.27 | 0 | 0 | 49.11 |
| **Assets** | | | | | | | | | |
| Advances (Net of security Deposits) | 115.77 | 68.66 | 62.46 | 187.86 | 291.98 | 242.89 | 7.98 | 0.04 | 977.64 |
| Investments | 0 | 0.08 | 0 | 0 | 0 | 0.27 | 0 | 0 | 0.35 |

For and on behalf of Board of Directors

Kamlesh C. Gandhi
(Chairman & Managing Director)

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

Punita Maheshwari
(Company Secretary)

Place : Ahmedabad.
Date : 27th May, 2015

## ANNEXURE C (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"**

### 1. Capital

(Amount in Rs. crore)

| Particulars | | Current Year | Previous Year |
|---|---|---|---|
| i) | CRAR (%) | 17.13 | 18.55 |
| ii) | CRAR - Tier I Capital (%) | 11.28 | 12.83 |
| iii) | CRAR - Tier II Capital (%) | 5.85 | 5.72 |
| iv) | Amount of subordinated debt raised as Tier-II capital | 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 | | | 11.10 | 10.84 |
| | (i) | Gross Value of Investments | | | |
| | | (a) | In India | 11.10 | 10.84 |
| | | (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 | 11.10 | 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.

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

## ANNEXURE C (Forming part of the financial statements)

## Notes to the Balance Sheet

4. **Disclosures relating to Securitisation**

Refer Note no. 28 to the financial statements.

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 | 150.732 | 91.377 |
| (ii) | Aggregate value (net of provisions) of accounts sold | 876.49 | 617.60 |
| (iii) | Aggregate consideration | 876.49 | 617.60 |
| (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 | Over3 years to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|
| Bank Fixed Deposits | - | - | 0.15 | 2.96 | 1.57 | 7.63 | 0.64 | - | 12.95 |
| Advances (Net of Security Deposits) | 115.77 | 68.66 | 62.46 | 187.86 | 291.98 | 242.89 | 7.98 | 0.04 | 977.64 |
| Investments | - | 0.08 | - | - | - | 0.27 | - | - | 0.35 |
| Borrowings | 6.83 | 10.97 | 8.09 | 27.33 | 48.80 | 83.35 | 10.00 | 1.25 | 196.62 |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - |

9. **Direct Exposure to Real Estate Sector**

Nil

DELOITTE HASKINS & SELLS * AHMEDABAD * Chartered Accountants

## ANNEXURE C (Forming part of the financial statements)

## Notes to the Balance Sheet

**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 | NIL | NIL |
| (v) | Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market | 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 |

**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**

Nil

**13. Unsecured Advances**

**a)** Refer Note no. 15 to the financial statements.

**b)** The Company has not granted any advances against intangible securities.

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

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

## ANNEXURE C (Forming part of the financial statements)

## Notes to the Balance Sheet

**15. Disclosure of Penalties imposed by RBI and other regulators**

During the financial year 2014-15 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 ICRA:**

| INSTRUMENT | AMOUNT | RATING ACTION | MIGRATION |
|---|---|---|---|
| Issuer Rating | Not Applicable | [ICRA]A-(stable) | No migration of rating |
| Long term bank facilities (Cash Credit/Term Loan) | Rs. 1850.00 Crore | [ICRA]A-(stable) | No migration of rating |
| Subordinate Debt | Rs. 40.00 crore | [ICRA]A-(stable) | No migration of rating |

**By CRISIL:**

| INSTRUMENT | AMOUNT | RATING ACTION | MIGRATION |
|---|---|---|---|
| Long term bank facilities (Cash Credit/Term Loan) | Rs. 104.00 Crore | CRISIL BBB+/Stable | No migration of rating |
| Commercial Paper | Rs. 99.00 crore | CRISIL A1+(SO) | No migration of rating |

**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 | 0.82 | 1.35 |
| Provision made towards Income tax | 19.92 | 17.12 |
| Provision for Standard Assets | 0.92 | 0.73 |
| Other Provision and Contingencies | | |
| Provision for Employee Benefits | 0.12 | 0.11 |
| Provision for proposed equity dividend | 7.60 | 5.60 |
| Provision for proposed preference dividend | 2.90 | 2.81 |
| Provision for dividend distribution tax on proposed equity dividend | 1.55 | 0.95 |
| Provision for dividend distribution tax on proposed preference dividend | 0.59 | 0.48 |

## ANNEXURE C (Forming part of the financial statements)

## Notes to the Balance Sheet

**20. Concentration of Deposits (for deposit taking NBFCs)**

Not Applicable

**21. Concentration of Advances**

| | (Amount in Rs. crore) |
|---|---|
| Total Advances to twenty largest borrowers | 336.50 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 28.60% |

**22. Concentration of Exposures**

| | (Amount in Rs. crore) |
|---|---|
| Total Exposure to twenty largest borrowers / customers (Net of Security Deposits) | 300.24 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers | 32.42% |

**23. Concentration of NPAs**

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

**24. Sector-wise NPAs**

| Sl. No. | Sector | Percentage of NPAs to Total Advances in that sector % |
|---|---|---|
| 1. | Agriculture & allied activities | 5.35 |
| 2. | MSME | 1.40 |
| 3 | Corporate borrowers | - |
| 4. | Services | - |
| 5 | Unsecured personal loans | - |
| 6 | Auto loans | 1.45 |
| 7 | Other personal loans | - |

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

## ANNEXURE C (Forming part of the financial statements)

## Notes to the Balance Sheet

25. **Movement of NPAs**

(Amount in Rs crore)

| Particulars | | | Current Year | Previous Year |
|---|---|---|---|---|
| (i) | Net NPAs to Net Advances (%) | | 1.39% | 1.42% |
| (ii) | Movement of NPAs (Gross) | | | |
| | (a) | Opening balance | 15.12 | 10.48 |
| | (b) | Additions during the year | 25.05 | 12.08 |
| | (c) | Reductions during the year | 19.36 | 7.44 |
| | (d) | Closing balance | 20.81 | 15.12 |
| (iii) | Movement of Net NPAs | | | |
| | (a) | Opening balance | 12.22 | 8.93 |
| | (b) | Additions during the year | 22.55 | 10.87 |
| | (c) | Reductions during the year | 17.68 | 7.58 |
| | (d) | Closing balance | 17.09 | 12.22 |
| (iv) | Movement of provisions for NPAs (excluding provisions on standard assets) | | | |
| | (a) | Opening balance | 2.90 | 1.55 |
| | (b) | Provisions made during the year | 0.82 | 1.35 |
| | (c) | Write-off / write-back of excess provisions | - | - |
| | (d) | Closing balance | 3.72 | 2.90 |

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

Nil

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

Nil

## ANNEXURE C (Forming part of the financial statements)

## Notes to the Balance Sheet

**28. Disclosure of Customers Complaints**

| | | |
|---|---|---|
| (a) | No of complaints pending at the beginning of the year | 7 |
| (b) | No. of complaints received during the year | 70 |
| (c) | No of complaints redressed during the year | 73 |
| (d) | No. of complaints pending at the end of the year | 4 |

For and on behalf of Board of Directors

Kamlesh C. Gandhi
(Chairman & Managing Director)

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

Punita Maheshwari
(Company Secretary)

Place : Ahmedabad
Date 27th May, 2015

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

I. **Registration details**

| | | |
|---|---|---|
| **Registration No.** | : | 26064 |
| State Code | | 04 |
| Balance Sheet Date | | 31ST MARCH 2015 |

II. **Capital raised during the year**

| | (Amount Rs. In Thousands) |
|---|---|
| Public Issue | NIL |
| Right Issue | NIL |
| Bonus Issue | NIL |
| Private Placement | NIL |

III. **Position of Mobilisation and Deployment of Funds**

| | (Amount Rs. In Thousands) |
|---|---|
| Total Liabilities | 14828075 |
| Total Assets | 14828075 |
| **Sources of Funds** | |
| Paid-Up Capital | 594712 |
| Reserve & Surplus | 813887 |
| Deferred Subsidy | NIL |
| Non-current Liabilities | 2598007 |
| Current Liabilities | 10821469 |
| Deferred Tax Liability | NIL |
| **Application of Funds** | |
| Net Fixed Assets | 45160 |
| Investments | 110994 |
| Deferred Tax Assets | 22541 |
| Current Assets | 11099765 |
| Non-current Assets | 3549615 |
| Accumulated Losses | NIL |

IV. **Performance of the Company**

| | (Amount Rs. In Thousands) |
|---|---|
| Total Income | 2259074 |
| Total Expenditure | 1677434 |
| Profit Before Tax | 581640 |
| Profit After Tax | 389960 |
| Earnings per share (Rs.) | 22 19 |
| Dividend Rate (%) on Equity Shares | 47 50 |

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

| | |
|---|---|
| Item Code No | Not Applicable |
| Product description | Loans under Loans cum Hypothecation Agreements |

For and on behalf of Board of Directors

Kamlesh C. Gandhi
(Chairman & Managing Director)

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

Punita Maheshwari
(Company Secretary)

Place Ahmedabad
Date 27th May 2015