



The Power of Distribution

21ST ANNUAL REPORT

2015-16

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

NOTICE

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

ORDINARY BUSINESS:

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

REGISTERED OFFICE:

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

DATED: 25TH MAY, 2016

BY ORDER OF THE BOARD OF DIRECTORS

Nirav P. Patel

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

NOTES:

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

DIRECTORS' REPORT

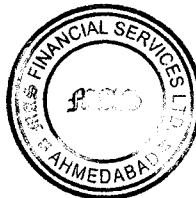
To,
The Members,
MA\$ FINANCIAL SERVICES LTD
Ahmedabad

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

FINANCIAL RESULTS:

(Amount in ₹)

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



BUSINESS PERFORMANCE:

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

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

PROSPECTS AND DEVELOPMENTS:

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

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

SMALL AND MEDIUM ENTERPRISE LOAN:

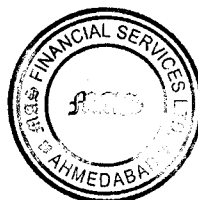
Introduction of machinery and working capital loans to the SME this year has shown lot of promise. We are in the process of understanding the segment and are keen to add value to all such small and medium enterprises by extending the most efficient financial services.

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

PARTNERING WITH REGIONAL NBFCs AND NBFC-MFIs:

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

Partnering with regional NBFCs and NBFC-MFIs for distribution of various products and providing them the line of credit also remains one of the major business plans. We firmly believe that the players having proximity to the region are the most potential organization in the last mile delivery of credit. We not only fund them but also share with them the domain expertise, which the company possesses through its vintage of more than two decades. We continue to get encouraging response from all our partner NBFCs and are keen to leverage the relationships for mutual benefits.



DISTRIBUTION NETWORK:

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

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.

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

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

RESOURCES:

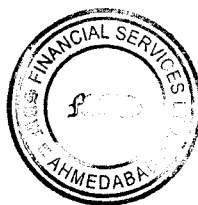
The company continues to enjoy the confidence of its current investors FMO, DEG and SARVA Capital (Previously known as LOK Capital) and acknowledges their constructive support. We firmly believe that, this will go a long way in realizing Company's vision.

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

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

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

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



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

CAPITAL

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

PUBLIC DEPOSITS

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

DIVIDEND

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



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

STATUTORY COMPLIANCE:

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

INSURANCE:

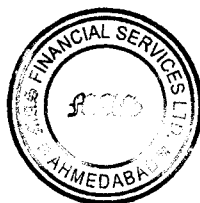
The assets of your Company have been adequately insured.

LEGISLATIVE AND REGULATORY ISSUES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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



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THE CHANGE IN NATURE OF BUSINESS:

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

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

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

AUDITORS:

M/s. Deloitte Haskins & Sells, auditors of the Company retire at the ensuing Annual General Meeting of the Company and are eligible for reappointment. The members are requested to consider their reappointment for the financial year 2016-17.

DIRECTORS:

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

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

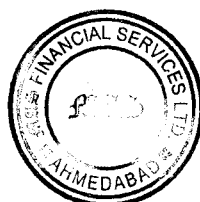
EXTRACT OF ANNUAL RETURN AS PER SECTION 92 (3) OF COMPANIES ACT 2013:

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

BOARD MEETINGS HELD DURING THE YEAR:

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

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



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

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

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

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

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

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

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

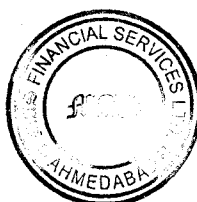
The Audit Committee consists of the following members:

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

The Company has established a vigil mechanism and 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



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

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

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

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

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

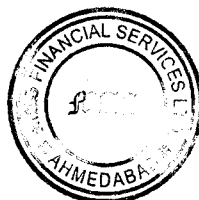
Sr no.	Name of the KMP or Director	Designation	Date of appointment	Date of Resignation
1	Mr. Venkatesh Natarajan	Director	17/02/2014	23/12/2015
2	Mr. Rajeshbabu Natrajan	Director	23/12/2015	-
3	Ms. Punita Maheshwari	Company Secretary	19/12/2014	23/12/2015
4	Mr. Nirav Patel	Company Secretary	23/12/2015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

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

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

ACKNOWLEDGEMENT

The Directors place on record their appreciation to all those people, who have so willingly placed their trust in the company & management and to more than one million customers across all area under our operation, who have given the company an opportunity to serve them.



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