



**RHMF RURAL HOUSING AND
MORTGAGE FINANCE LIMITED**

7TH ANNUAL REPORT

2013-14

REGISTERED OFFICE

**4TH FLOOR, NARAYAN CHAMBERS,
B/H.PATANG HOTEL, ASHRAM ROAD,
AHMEDABAD – 380009.**

DIRECTORS' REPORT

To,
The Members,
MAS RURAL HOUSING & MORTGAGE FINANCE LTD.
AHMEDABAD.

The Directors have pleasure to present before you the Seventh Annual Report of **MAS RURAL HOUSING & MORTGAGE FINANCE LTD. (hereinafter referred as MRHMFL)** as you are aware the company is subsidiary of MAS FINANCIAL SERVICES LIMITED.

FINANCIAL RESULTS:

Particular	Year Ended 31/03/14 (In RS.)	Year Ended 31/03/13 (In RS.)
Interest Income	67024919	39650317
Income From Operations & Other Sources	7016611	6580792
Total Income	74041530	46231069
Total Expenditure	54972941	37881049
Profit before Depreciation and Taxes	19068589	8350020
Depreciation and Amortization	66364	62327
Profit Before Taxes	19002225	8287693
Provision for Taxation (Including Deferred Tax)	5052381	1955693
Profit After Taxes	13949844	6332000
Profit brought forward from previous year	10953159	6461159
Profit Available for Appropriation	24903003	12793159
<u>APPROPRIATIONS</u>		
Reserves u/s. 29-C of NHB Act, 1987 and Special Reserve U/S 36(1)(viii) of Income Tax Act, 1961	4200000	1840000
Proposed Dividend	735750	--
Dividend Distribution Tax on Proposed Dividend	125041	--
Surplus Balance carried to B/S	19842212	10953159



PROSPECTS AND WORKING:

The portfolio at the end of the year 2013-14 is Rs. 64.96 Cr. The company continues to pursue the path of sustainable development and is confident to gain momentum in the coming years, given the company's efforts at the ground level; accompanied by the encouraging response and the activity of the developers in the affordable housing space. The market size is too huge for various well managed Housing finance institutions to co-exist.

The company continues to focus on creating quality assets, aware of the fact that, extending loans to the informal and the rural class of the society is in its nascent stage and hence it has its own set of challenges, which is being dealt very carefully and efficiently. As stated earlier, the board has taken a conscious decision to build up the portfolio slowly during the initial years of operations and concentrate more on understanding the market we serve and setting the suitable credit evaluation process. "Extending credit where it is due." remains the basic plank and putting the same in to practice requires abundance of perseverance and patience. The key positive of the same is building up of quality assets.

RURAL INITIATIVE:

The rural initiative continues to remain one of the major focuses of the company. It was felt necessary during the year to increase the rural reach to 1500 villages in the state of Gujarat to be focused upon. The target to reach 1500 villages is segregated in clusters of 150 villages for better execution. The main reason behind the same is the inherent challenges faced in converting the latent potentiality in to business in such areas. However, we firmly believe that once the business cycle is set; regular business may be expected from all the areas of operations. The company follows the business model of serving such villages through dedicated relationship officers who are responsible to offer them customized housing financing solution. Based on the experience of these villages necessary change in the business model will be implemented to explore the latent potential of the segment.

SYSTEMS AND OPERATIONS:

The current year also sharpened our learning curve to a considerable extent. The feedback from the customers, relationship officers and the vigilant analysis of the credit team enabled us to frame a well-articulated credit screens which we very firmly believe will be a major lever to serve the targeted segment effectively. The effectiveness of the credit screen is reflected in the quality of the portfolio, where there are no outstanding in post 60 DPD category.

The company is now focusing to improve its turnaround time for disbursing the loans without compromising with the quality of credit. Various efforts are undertaken such as training the relationship officers, the branch credit officers, and the credit team at the central processing unit.



Adequate care is taken for providing efficient post disbursement services to the customers.

Various educative programmes organized by NHB (National housing bank) gives us in depth insight of the housing finance activities, process, appraisal techniques and the focus of the government in this sector.

RESOURCES:

The Net Owned Fund of the company as on 31st March 2014 is Rs. 19.07 Cr. Number of institutions have shown keen interest in participating in the future debt and the capital requirement of the company. Company is quiet optimistic to tie up their financial requirement for the year 2014-15.

PUBLIC DEPOSITS:

The Company has not accepted deposit from public during the year and there was no deposit outstanding on 31st March, 2014.

DIVIDEND:

The Board of Directors proposed the final dividend at the rate of 0.45% p.a. for equity shareholders for the year ended on 31st March, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts for the Financial Year ended 31st March, 2014 the applicable accounting standards have been followed.
2. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit for the period from 1st April, 2013 to 31st March, 2014.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The annual accounts for the financial year ended 31st March 2014 have been prepared on a "Going Concern Basis".



STATUTORY INFORMATION:

PARTICULARS OF EMPLOYEES

MRHMFL had no employee employed during the year under review who was in receipt of remuneration in excess of ceiling mentioned for reporting under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The company did not enter into any Foreign Exchange Transaction during the financial year hence there is nothing to report on Foreign Exchange Earning and Outgo. Since the company does not own any manufacturing facility the other particulars relating to conservation of energy and technology absorption as stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

NHB COMPLIANCES:

MRHMFL continues to comply with the guidelines issued by NHB regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, 'Know Your Customer' - (KYC), fair practices code and capital market exposures. The National Housing Bank Act, 1987, empowers NHB to levy a penalty on Housing Finance Companies for contravention of the Act or any of its provisions. NHB has not levied any penalty on MRHMFL during the year.

AUDITORS

M/S. RAJPARA ASSOCIATES, Chartered Accountants, is hereby recommended as statutory auditors of the Company at the ensuing Annual General Meeting of the company in place of retiring auditors M/s Kalaria & Sampat. The members are requested to consider the appointment for the financial year 2014-15.

The company has received a consent letter and certificate from **M/S. RAJPARA ASSOCIATES**, Chartered Accountants to the effect that their appointment, if made, would be within the limits prescribed.

DIRECTORS & OTHER KEY MANAGERIAL PERSONS:

In Accordance with the requirement of the Companies Act, 1956 and Articles of Association of the Company, Mr. Mukesh C. Gandhi, Whole-time Director of the Company retires by rotation and being eligible offers himself for re-appointment.



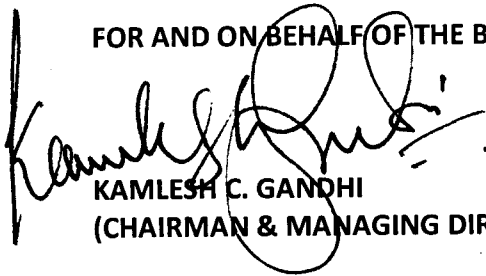
Subject to the approval of the members in the general meeting, the Board of Directors re-appointed Mr. Kamlesh Gandhi as Managing Director for a period of five years with effect from 1st April, 2014 as per the terms and conditions placed before the ensuing AGM. Necessary resolutions for the appointment /re-appointment of the aforesaid directors have been included in the notice convening the ensuing AGM. Your directors commend their appointment / re-appointment. All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 274(1)(g) of the Companies Act, 1956.

ACKNOWLEDGEMENT

The Directors acknowledges and wishes to place on record their appreciation to shareholders, banks and NHB (National housing bank) for their constructive support for guiding us from time to time on various issues.

Best Wishes,

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



KAMLESH C. GANDHI
(CHAIRMAN & MANAGING DIRECTOR)



Place : Ahmedabad

Date : 28th May, 2014

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of MAS RURAL HOUSING AND MORTGAGE FINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

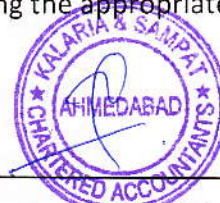
Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these 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 Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting



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policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).



- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

KALARIA & SAMPAT
Chartered Accountants



(Prakash Udeshi)

Partner

Membership # 100877

Place: Ahmedabad.

Date: 28th May 2014



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

- i. a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b. The fixed assets have been physically verified by the management and no material discrepancies were noticed on such verification.
c. None of the substantial part of fixed assets has been disposed off during the year.
- ii. The company has no inventory as on Balance Sheet date. Consequently, requirement of clauses (ii, a), (ii, b), (ii, c) of paragraph 4 of the order are not applicable.
- iii. The Company has not granted any loans to parties covered in register maintained u/s 301 of the Act and hence requirements of clauses (iii, a), (iii, b), (iii, c) of paragraph 4 of the order are not applicable. The company has taken Inter Corporate Deposits from parties covered in register maintained U/s 301 of the act. The maximum amount involved during the year is Rs. 360.38 lacs and the year-end balance of the loan taken is nil. The rate of interest and other terms and conditions on which these loans were taken are not prima-facie prejudicial to the interest of the Company. The Company is regular in repayment of principle and payment of interest and there are no overdue amounts in respect of these loans.
- iv. In our opinion and according to the information and explanations given to us, there exist adequate internal control procedures commensurate with size of the company and nature of its business.
- v. a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of the contracts or arrangements that need to be entered into the register maintained under section 301 have been so entered.
b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered into the register in pursuance of section 301 of the Act have been made at prices which are reasonable having regard to the market prices prevailing at the relevant time.
- vi. The company has not borrowed any deposits till the close of the financial year and hence provisions of Sections 58A and 58AA of the Companies Act, 1956, the Housing Finance Companies (NHB) Directions, 2001 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the company.



- vii. In our opinion company has an Internal Audit system which commensurate with the size and nature of the business.
- viii. The company is not engaged in production, processing, manufacturing or mining activities. Therefore, the provisions of clause (viii) of paragraph 4 of the order are not applicable.
- ix. a. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Cess were in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
- x. The company neither has any accumulated losses nor has incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks or debenture holders.
- xii. The loans granted by the company are primarily secured / partly secured by the equitable and registered mortgage of the property. Based on our examination of documents and records and evaluation of internal controls, we are of the opinion that the company has maintained adequate documents and records wherever it has granted loans and advances on the basis of collateral security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable.
- xiv. In our opinion and according to the information and explanation given to us the company has not a dealer or a trader in securities. It has only invested in units of mutual funds for which proper records have been maintained and timely entries have been made there in. The said investments are held in company's own name except as permissible under section 49 of the Companies Act, 1956.
- xv. To the best of our knowledge and belief and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial Institutions.
- xvi. In our opinion and according to the information and explanations given to us, term loans have been applied for the purpose for which they were borrowed.
- xvii. According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short-term basis have not, prima facie, been used during the year for long- term investments.



- xviii. According to the information and explanations given to us, the company has made preferential allotment of 2,000,000 equity shares to parties covered in the register maintained U/s301 of the Act and the such allotment is not prejudicial to the interest of the members.
- xix. According to the information and explanations given to us and the records examined by us, the company has not issued any Debentures during the year and therefore the provisions of clause (xix) of paragraph 4 of the order are not applicable.
- xx. The company has not raised any money from public issues and therefore the provisions of clause (xx) of paragraph 4 of the order are not applicable.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

KALARIA & SAMPAT
Chartered Accountants


(Prakash Udeshi)

Partner

Membership # 100877

Place: Ahmedabad.

Date: 28th May 2014



MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2014

	Notes	As At 31 March 2014 Rupees	As At 31 March 2013 Rupees
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	163,500,000	143,500,000
Reserves and surplus	4	28,271,077	15,182,024
		191,771,077	158,682,024
Non-current liabilities			
Long-term borrowings	5	402,170,548	224,904,943
Long Term Provisions	6	2,548,834	1,615,616
		404,719,382	226,520,559
Current liabilities			
Short Term Borrowing	7	61,988,397	24,773,682
Trade payables	8	225,533	182,526
Other current liabilities	9	1,200,260	508,905
Short-term provisions	10	2,469,412	1,267,398
		65,883,603	26,732,511
TOTAL		662,374,062	411,935,094
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	303,885	370,249
Loans & Advances	12	558,980,218	349,497,327
Deferred Tax Asset	13	1,081,456	633,837
		560,365,559	350,501,413
Current assets			
Cash and cash equivalents	14	7,058,780	1,168,953
Short-term loans and advances	15	91,097,764	57,657,897
Other current assets	16	3,851,958	2,606,832
		102,008,502	61,433,682
TOTAL		662,374,062	411,935,094
Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements.

As per Our Report Attached

For, KALARIA & SAMPAT
CHARTERED ACCOUNTANTS

PRAKASH UDESHI
(PARTNER)
MEMBERSHIP NO. 100877



NIDHI BHATT
(COMPANY SECRETARY)

For and on behalf of Board of Directors

Kamlesh C. Gandhi

KAMLESH C. GANDHI
(CHAIRMAN & MANAGING DIRECTOR)

Mukesh C. Gandhi

MUKESH C. GANDHI
(WHOLE TIME DIRECTOR)

Place : Ahmedabad
Date : 28th May, 2014

Place : Ahmedabad
Date : 28th May, 2014

MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH 2014


	Notes	Year ended 31st March 2014 Rupees	Year ended 31st March 2013 Rupees
INCOME			
Revenue from operations	17	73,811,012	46,031,670
Other income	18	230,518	199,399
Total Revenue		74,041,530	46,231,069
EXPENDITURE			
Finance costs	19	35,238,844	16,754,518
Employee benefits expense	20	13,398,137	14,636,036
Other expenses	21	6,335,960	6,490,495
Depreciation and amortization expense	22	66,364	62,327
Total Expenses		55,039,305	37,943,376
Profit Before Tax		19,002,225	8,287,693
Tax Expense:			
Current tax		5,500,000	2,275,000
Deferred tax		(447,619)	(319,307)
Profit After Tax for the year		13,949,844	6,332,000
EARNING PER SHARE	23		
BASIC EPS		0.94	0.46
DILUTED EPS		0.94	0.46
Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements.

As per Our Report Attached

For and on behalf of Board of Directors

For, KALARIA & SAMPAT
CHARTERED ACCOUNTANTS



PRAKASH UDESHI
(PARTNER)
MEMBERSHIP NO. 100877




NIDHI BHATT
(COMPANY SECRETARY)



KAMLESH C. GANDHI
(CHAIRMAN & MANAGING DIRECTOR)


MUKESH C. GANDHI
(WHOLE TIME DIRECTOR)

Place : Ahmedabad
Date : 28th May, 2014

Place : Ahmedabad
Date : 28th May, 2014

MAS RURAL HOUSING & MORTGAGE FINANCE LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST March 2014

	Year ended 31st March 2014 Rupees	Year ended 31st March 2013 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	19,002,225	8,287,693
Adjustments for:		
Dividend Income	(103,357)	(199,399)
Provision for Standard Asset	1,051,719	973,891
Provision for Leave Encashment	170,962	137,677
Depreciation	66,364	62,327
Operating Profit before Working Capital Changes	20,187,913	9,262,189
(Increase)/Decrease in Other Current Assets	(1,273,965)	(1,503,011)
Increase/(Decrease) in Current Liabilities & Provisions	643,019	565,161
Cash generated from Operations	19,556,968	8,324,339
Advance Tax Paid	(5,356,898)	(1,673,617)
Total Loans Disbursed (Net)	(242,893,919)	(180,232,111)
Net Cash used in Operating Activities (A)	(228,693,849)	(173,581,389)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Dividend Income	103,357	199,399
Purchase of Fixed Assets	-	(26,500)
Net Cash used in Investing Activities (B)	103,357	172,899
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares	20,000,000	14,000,000
Total Loans Term Borrowings Received/(Paid)	214,480,320	157,714,320
Net Cash Flow from Financing Activities (C)	234,480,320	171,714,320
Net Increase/Decrease in Cash & Cash Equivalents(A+B+C)	5,889,827	(1,694,170)
Cash & Cash Equivalents at the beginning of the year	1,168,953	2,863,123
Cash & Cash Equivalents at the end of the year	7,058,780	1,168,953

The accompanying notes are an integral part of the financial statements.

As per Our Report Attached

For and on behalf of Board of Directors

For, KALARIA & SAMPAT
CHARTERED ACCOUNTANTS




KAMLESH C. GANDHI
(CHAIRMAN & MANAGING DIRECTOR)

PRAKASH UDESHI
(PARTNER)
MEMBERSHIP NO. 100877




NIDHI BHATT
(COMPANY SECRETARY)


MUKESH C. GANDHI
(WHOLE TIME DIRECTOR)

Place : Ahmedabad
Date : 28th May, 2014

Place : Ahmedabad
Date : 28th May, 2014

MAS RURAL HOUSING & MORTGAGE FINANCE LTD.
NOTES FORMING PART OF THE FINANCIAL STATEMENT

	As at 31st March 2014 Rupees	As at 31st March 2013 Rupees		
3. SHARE CAPITAL				
(i) Details of Shares Capital outstanding at the beginning and at the end of the reporting period:				
AUTHORISED CAPITAL:				
17,500,000 Equity Shares of Rs. 10/- each. (Previous Year 17,500,000 share of Rs 10/- each)	175,000,000	175,000,000		
ISSUED & SUBSCRIBED CAPITAL:				
16,350,000 Equity Shares of Rs. 10/- each. (Previous Year 14,350,000 share of Rs 10/- each fully paid up)	163,500,000	143,500,000		
PAID UP CAPITAL:				
16,350,000 Equity Shares of Rs. 10/- each. (Previous Year 14,350,000 share of Rs 10/- each fully paid up)	163,500,000	143,500,000		
	163,500,000	143,500,000		
(ii) Details of Shares held by Holding Company, Subsidiary or Associates:				
Shares held by:				
Mas Financial Services Ltd. - Holding Company 1,07,50,000 Equity Shares of Rs. 10/- each. (Previous Year 1,07,50,000 share of Rs 10/- each fully paid up)	107,500,000	107,500,000		
- Subsidiary	-	-		
- Associates	-	-		
(iii) Shareholding Reconciliation for the year				
1 Opening outstanding:	143,500,000	129,500,000		
14,350,000 Equity Shares of Rs. 10/- each. (Previous Year 12,950,000 share of Rs 10/- each fully paid up)				
2 Issued during the year:	20,000,000	14,000,000		
2,000,000 Equity Shares of Rs. 10/- each. (Previous Year 1,400,000 share of Rs 10/- each fully paid up)				
3 Closing outstanding: (1-2)	163,500,000	143,500,000		
16,350,000 Equity Shares of Rs. 10/- each. (Previous Year 14,350,000 share of Rs 10/- each fully paid up)				
# Equity Shares issued during the year rank pari passu with existing equity share capital of the company for voting rights & dividends.				
(iv) Details of Shareholding more than 5% in the company				
	As at 31st March 2014		As at 31st March 2013	
	No. of Shares	Percentage	No. of Shares	Percentage
1 MAS Financial Services Limited (Holding Co.)	10,750,000	65.75%	10,750,000	74.91%
2 Mukesh C. Gandhi	2,194,850	13.42%	724,750	5.05%
3 Kamlesh C. Gandhi	1,639,750	10.03%	964,750	6.72%
4 Sweta K. Gandhi	1,400,100	8.56%	1,075,100	7.49%
(v) Proposed Dividend				
The Final Dividend Proposed for the year is as follows:				
Particulars	As at 31st March 2014		As at 31st March 2013	
On equity Shares of Rs.10 each				
Dividend per equity Share (Rs.)	0.045		-	
Dividend %	0.45%		-	



MAS RURAL HOUSING & MORTGAGE FINANCE LTD.
NOTES FORMING PART OF THE FINANCIAL STATEMENT

	As at 31st March 2014 Rupees	As at 31st March 2013 Rupees
4. RESERVES AND SURPLUS		
1 Reserve fund u/s. 29-C of NHB Act, 1987:		
Balance at the beginning of the year		
a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	302,481	302,481
b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	3,926,384	2,086,384
c. Total	4,228,865	2,388,865
Addition / Appropriation / Withdrawal during the year		
Add:		
a. Amount transferred u/s 29C of the National Housing Bank Act, 1987	-	-
b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	4,200,000	1,840,000
Less:		
a. Amount appropriated u/s 29C of the National Housing Bank Act, 1987	-	-
b. Amount withdrawn from Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	-	-
Balance at the closing of the year		
a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	302,481	302,481
b. Amount of Special Reserve u/s 36(i)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of The NHB Act, 1987	8,126,384	3,926,384
c. Total	8,428,865	4,228,865
2 Profit carried to Balance Sheet		
Opening Balance	10,953,159	6,461,159
Add: Transferred from Profit & Loss	13,949,844	6,332,000
Less:		
Appropriation towards Reserve u/s.29-C of NHB Act, 1987 & Special Reserve U/s 36(1)(viii) of Income Tax Act, 1961	(4,200,000)	(1,840,000)
Proposed Dividend	(735,750)	-
Dividend Distribution Tax on Proposed Dividend	(125,041)	-
Surplus - Balance carried to Balance Sheet	19,842,212	10,953,159
	28,271,077	15,182,024

Special Reserve has been created in terms of Section 36(1) (viii) of the Income Tax Act, 1961 out of the distributable profits of the company. As per Section 29C of NHB Act, 1987, the company is required to transfer at least 20% of its net profits prior to distribution of dividend every year to a reserve. For this purpose any Special Reserve created by the company in terms of Section 36(1) (viii) of the Income Tax Act, 1961 is considered an eligible transfer.

	Non Current		Current	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
5. LONG TERM BORROWINGS				
SECURED LOANS				
1 Term Loans :				
From Bank	402,170,548	224,904,943	61,988,397	22,773,682
UNSECURED LOANS				
1 Inter Corporate Deposit	-	-	-	2,000,000
MFSL (Holding Co.)				
	402,170,548	224,904,943	61,988,397	24,773,682
Amount Disclosed under the head "Short Term Borrowing" (Note 8)	-	-	(61988397)	(24773682)
	402,170,548	224,904,943	-	-



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

	Amount Non Current	Amount Current	Terms of Redemption/ Repayment	Security
Term Loan I	49,107,263	14,285,682	Repayable in 28 Quarterly installments from 24/03/2011. Rate of interest: Base Rate+Spread Maturity Period: > 5 year	Loan is secured by Hypothecation on receivables, Negative lien on the underlying assets of the company excluding specific immovable properties mortgage in favour of Debenture Trustee against NCDs and SLR Deposits. Further the Holding Company MAS Financial Services Limited has given a Corporate Guarantee for the loan.
Term Loan II	283,749,998	40,000,002	Repayable in 24 Quarterly installments from 28/02/2014. Rate of interest: BR+7.30%+TP0.50% 7.25% Maturity Period: > 5 year	Loan is secured by Hypothecation on receivables. An Irrevocable Power of Attorney in banks favour authorizing bank to recover monies directly from the ultimate borrowers if need arises and to file suit in the name of MRHMFL for recovery
Term Loan III	14,778,000	2,238,000	Repayable in 27 Quarterly installments from 01/07/2013. Rate of interest: 0.16Cr: 6.75% 1.26Cr: 7.25% 0.19Cr: 7.50% 0.39Cr: 7.75% Maturity Period: > 5 year	A first exclusive mortgage and/or a first exclusive charge by way of hypothecation of such of the book debts. Further the Holding Company MAS Financial Services Limited has given a Corporate Guarantee for the loan.
Term Loan IV	35,714,287	4,285,713	Repayment in 28 Quarterly Installment from 30/04/2014 Rate of interest: BBR+50bps p.a. Maturity Period: >5 Year	Loan is secured by Hypothecation on receivables, Negative lien on the underlying assets of the company excluding specific immovable properties mortgage in favour of Debenture Trustee against NCDs and SLR Deposits. Irrevocable Power of Attorney .Corporate Guarantee of MAS Financial Services Limited. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi
Term Loan V	18,821,000	1,179,000	Repayment in Quarterly Installment for 13 Years from 30/06/2014 Rate of interest: 10.55% P.A. Maturity Period: >5 Year	A first exclusive mortgage and or a first exclusive charge by way of hypothecation of such of the book debts. The total assets coverage available would be to the extent 120% of the amount refinanced. Corporate Guarantee by MAS financial services Ltd.
	402,170,548	61,988,397		



MAS RURAL HOUSING & MORTGAGE FINANCE LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENT

	Non Current		Current	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
6. LONG TERM PROVISIONS				
1 Provision on Standard Asset #	2,548,834	1,615,616	608,917	490,416
	2,548,834	1,615,616	608,917	490,416
Amount Disclosed under the head "Short Term Provisions" (Note 11)	-	-	(608,917)	(490,416)
	2,548,834	1,615,616	-	-

The company has complied with the norms prescribed under Housing Finance Companies (NHB) Directions, 2001 as amended on 6th September, 2013 for recognizing Provision on Standard Assets in preparation of accounts. Pursuant to such norms, loan portfolio was classified into housing and non-housing loans and a provision of 0.4% on total portfolio of housing loans, 1% on Non Housing & 0.75% (1% for Last year) on Project Finance to Builders and Developers (both Standard Assets) has been provided for.

Provision for Standard Asset as on 31.03.2014			As At 31.03.2013	
	Housing		Housing	
	Non Current	Current	Non Current	Current
As on March 31	489,835,926	22,715,484	313,226,189	14,007,726
Debtors	-	173,891	-	66,110
Total	489,835,926	22,889,375	313,226,189	14,073,836
Rate of Provisioning	0.40%	0.40%	0.40%	0.40%
Provision	1,959,344	91,558	1,252,905	56,295
	Non Housing		Non Housing	
As on March 31	28,661,607	2,885,342	15,010,405	1,210,393
Debtors	-	35,821	-	5,873
Total	28,661,607	2,921,163	15,010,405	1,216,266
Rate of Provisioning	1.00%	1.00%	1.00%	1.00%
Provision	286,616	29,212	150,104	12,163
	Project Funding for Housing		Project Funding for Housing	
As on March 31	40,383,173	65,086,400	21,260,733	42,195,808
Debtors	-	-	-	-
Total	40,383,173	65,086,400	21,260,733	42,195,808
Rate of Provisioning	0.75%	0.75%	1.00%	1.00%
Provision	302,874	488,148	212,607	421,958
TOTAL PROVISIONS	2548834	608917	1615616	490416



MAS RURAL HOUSING & MORTGAGE FINANCE LTD.
NOTES FORMING PART OF THE FINANCIAL STATEMENT

	As at 31st March 2014 Rupees	As at 31st March 2013 Rupees
7. SHORT TERM BORROWINGS		
1 Term Loan (Note 5)	61,988,397	24,773,682
	61,988,397	24,773,682

8.1 Details of terms of redemption/repayment and security provided in respect of short-term borrowings:

	As at 31st March 2014		Terms of Redemption/ Repayment	Security
	NON-CURRENT	CURRENT		
Inter Corporate Deposits - 13%	-	-	The loan principal is to be repaid in three month of Disbursement. Monthly Interest is required to be paid@13% on the outstanding amount	Unsecured
	-	-		

	As at 31st March 2014 Rupees	As at 31st March 2013 Rupees
8. TRADE PAYABLES		
1 Creditors for Expenses	113,173	98,256
2 Others : Auditor's Expenses	112,360	84,270
	225,533	182,526
9. OTHER CURRENT LIABILITIES		
1 Advance / Credit of Customers	812,330	9,682
2 Statutory Dues (Contribution towards PF, ESIC & Service Tax Etc.)	387,930	499,223
	1,200,260	508,905
10. SHORT TERM PROVISIONS		
1 Provision for employee benefits	785,185	574,741
2 Provision for Standard Assets (Note 7)	608,917	490,416
3 Other Provisions	-	130,825
4 Proposed Dividend	735,750	-
5 Proposed Dividend Distribution Tax	125,041	-
6 Provision for Income Tax (Net of Advance Tax)	214,519	71,416
	2,469,412	1,267,398



AS AT 31ST March 2014

MAS RURAL HOUSING & MORTGAGE FINANCE LTD.
NOTES FORMING PART OF THE FINANCIAL STATEMENT

	Non Current		Current	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
12. LOANS & ADVANCES				
a. Customer Loan Outstanding				
- Housing Loan	489,835,926	313,226,189	22,715,484	14,007,726
- Non Housing Loan	28,661,607	15,010,405	2,885,342	1,210,393
- Project Funding for Housing	40,383,173	21,260,733	65,086,400	42,195,808
- Installment & Other Dues from Borrower's			209,712	71,983
b. Advance Paid to Gratuity Fund	99,512	-		
	558,980,218	349,497,327	90,896,938	57,485,910
Amount Disclosed under the head "Short Term Loans & Advances" (Note 15)	-	-	(90,896,938)	(57,485,910)
	558,980,218	349,497,327	-	-
Of the above				
Considered Good	558,980,218	349,497,327	90,896,938	57,485,910
Considered Doubtful	-	-	-	-
<p># Loans granted by the Company are secured or partly secured by:</p> <p>(a) Equitable mortgage of property and / or</p> <p>(b) Pledge of shares, Other Securities, assignments of Life Insurance policies and/or</p> <p>(c) Hypothecation of assets and /or</p> <p>(d) Bank guarantees, Company guarantees or Personal guarantees and /or</p> <p>(e) Undertaking to create a security.</p>				
## The Company has advanced housing Loan to two of its officer and amount of total principal outstanding as on March 31 is:				
	Non-Current		Current	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
Loans to Staff	4,263,688	2,825,363	142,395	88,440
	4,263,688	2,825,363	142,395	88,440
			As at 31st March 2014	As at 31st March 2013
			Rupees	Rupees
13. DEFERRED TAX ASSET / DEFERRED TAX LIABILITIES				
Tax effect of items constituting Deferred Tax Liability				
WDV of Assets as per Companies Act, 1956			303,885	370,249
WDV of Assets as per Income Tax Act, 1961			123,348	177,792
			180,537	192,457
Tax effect of items constituting Deferred Tax Assets				
Provision for Standard Assets			3,157,751	2,106,032
Provision for Leave Encashment			355,985	137,677
			3,513,736	2,243,709
Deferred Tax Liability /(Deferred Tax Asset) @ 32.445% (Last Year 30.90%)			(1,081,456)	(633,837)
			(1,081,456)	(633,837)
# Opening DTA/DTL			(633,837)	36,680
Provision Required during the year Deferred Tax Liability/(Asset)			(447,619)	(670,517)



MAS RURAL HOUSING & MORTGAGE FINANCE LTD.
NOTES FORMING PART OF THE FINANCIAL STATEMENT

	Current	
	As at 31st March 2014	As at 31st March 2013
14. CASH AND CASH EQUIVALENT		
Cash and cash equivalents:		
- Balances with banks;	6,501,245	901,275
- Cash on hand;	557,535	267,678
	7,058,780	1,168,953
15. SHORT TERM LOANS AND ADAVANCES		
Others (Unsecured & Considered good)		
Advances recoverable in cash or in kind or for value to be received,	23,360	32,818
Pre-paid Insurance	177,466	139,169
Current Maturities of Customer Loans (Note 13)		
Housing Loan	22,715,484	14,007,726
Non Housing Loan	2,885,342	1,210,393
Project Funding for Housing	65,086,400	42,195,808
Installment and other Dues From Borrowers	209,712	71,983
	91,097,764	57,657,897
16. OTHER CURRENT ASSETS		
Interest Accrued	3,706,198	2,349,255
Income Receivable	45,760	207,577
Security Deposits;	100,000	50,000
	3,851,958	2,606,832



MAS RURAL HOUSING & MORTGAGE FINANCE LTD.
NOTES FORMING PART OF THE FINANCIAL STATEMENT

	Year ended 31st March 2014 Rupees	Year ended 31st March 2013 Rupees
17. REVENUE FROM OPERATIONS		
Interest Income		
Housing Loan	52,167,203	30,916,848
Non Housing Loan	3,641,628	2,159,256
Project Funding for Housing	11,216,088	6,574,213
Other financial services(Specify nature)		
OBC Charges	74,348	34,540
Housing Loan Process Fees	4,706,991	4,369,187
Admin Fees	1,019,109	1,019,747
Prepayment Charges	-	111,629
Service Charges Received	974,765	802,756
Others	10,880	43,494
	73,811,012	46,031,670
18. OTHER INCOME		
Dividend Income:	103,357	199,399
FD Interest Income	34,161	-
Prior period item written off	93,000	-
	230,518	199,399
# Prior Period Expense is related to reversal of Sales Promotion Provision created last year.		
19. FINANCE COST		
Interest:		
- Secured Loan	32,526,037	13,272,991
- Others	885,820	2,940,986
Bank Charges (Net)	1,376,987	440,541
Process Fees	450,000	100,000
	35,238,844	16,754,518



MAS RURAL HOUSING & MORTGAGE FINANCE LTD.
NOTES FORMING PART OF THE FINANCIAL STATEMENT

	Year ended 31st March 2014 Rupees	Year ended 31st March 2013 Rupees
20. EMPLOYEE BENEFIT EXPENSE		
Salaries, Bonus & Allowances #	9,234,019	8,765,013
Contributions to Provident & Other Funds	436,114	446,574
Commission	3,486,259	5,239,803
Staff Welfare Expenses	29,269	25,769
Provision for Leave Encashment	170,962	137,677
Training Expense	41,514	21,200
	13,398,137	14,636,036
# Managerial Remuneration		
Remuneration to Managing Director & Whole Time Director		
Salary & Allowances	3,600,488	2,645,268
Contribution towards PF & Other Fund	18,720	18,732
Bonus	240,000	124,800
	3,859,208	2,788,800
21. OTHER EXPENSES		
Advertisement Expense	600,476	493,112
Professional Fees Expense	1,848,550	1,808,009
Service Tax	168,642	103,069
Rent, Rates & Taxes	750,000	600,000
Stationery & Printing	133,673	397,627
Telephone Expenses	7,946	20,391
Director Sitting Fees	225,000	120,000
Conveyance Expenses	569,673	771,608
Travelling Expenses	396,385	435,684
Insurance Premium	142,218	160,457
ROC Expenses	185,150	177,673
Sales Promotion Expenses	59,061	288,067
Miscellaneous Expenses	197,467	140,907
Provision on Standard Assets	1,051,719	973,891
	6,335,960	6,490,495
Professional Fees Include Payment to auditors:		
- Statutory Auditors	75,000	75,000
- Tax Auditor	10,000	-
- Others	55,000	-
	140,000	75,000
22. Depreciation and amortization expense		
Depreciation on tangible assets	66,364	62,327
	66,364	62,327



MAS RURAL HOUSING & MORTGAGE FINANCE LTD.
NOTES FORMING PART OF THE FINANCIAL STATEMENT

	Year ended 31st March 2014 Rupees	Year ended 31st March 2013 Rupees
23. EARNING PER SHARE (EPS)		
Net Profit attributable to Equity Shareholders (in Rupees)	13,949,844	6,332,000
Weighted Average number of Shares for computation Of Basic EPS	14,909,726	13,619,041
Nominal Value of Equity Shares (in Rupees)	10	10
EPS - (Basic)	0.94	0.46
EPS - (Diluted)	0.94	0.46

The Basic & Diluted EPS has been calculated by dividing the Net Profit After Tax by the Weighted Average Number of Shares as has been computed as under:

	No. of Shares	Days
Subscription of Equity Shares at the start of the year	1,435,000	365
Further allotment of Shares on 14.09.2013	700,000	199
Further allotment of Shares on 30.12.2013	700,000	92
Further allotment of Shares on 31.03.2014	600,000	1

Weighted Average:

FY 13-14: $(14350000 \times 365/365) + (700000 \times 199/365) + (700000 \times 92/365) + (600000 \times 1/365) = 14909726$ Shares

FY 12-13: $(12950000 \times 365/365) + (1000000 \times 243/365) + (400000 \times 3/365) = 13619041$ Shares



Notes to the Financial Statements

Note 1: CORPORATE INFORMATION

MAS Rural Housing & Mortgage Finance Limited is a public company incorporated under the provisions of Companies Act, 1956. It is registered as a Non Deposit taking Housing Finance Company with the National Housing Bank. The Company provides housing loans, commercial loans and project loans for real estate projects to customers especially in the segment of Affordable Housing in Rural & Urban areas. The activities of the company are spread all over Gujarat, Maharashtra & Rajasthan.

Note-2 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

1. ACCOUNTING CONVENTION

The Financial statements have been prepared in accordance with historical cost convention, applicable Accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956 and guidelines issued by National Housing Bank.

The preparation of Financial Statements requires the management to make estimates and assumption in the reported amounts of assets and liabilities (including current liabilities) as of the financial statement and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statement as prudent and reasonable. Future result could differ from these estimates.

2. SYSTEM OF ACCOUNTING

The company adopts the accrual concept in the preparation of the account. The balance sheet and the Profit and Loss Account of the company are prepared in accordance with the provisions contained in section 211 of the Company Act, 1956, read with schedule VI thereto.

3. INFLATION

Assets and liabilities are recorded at historical cost to the company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

4. INTEREST ON LOANS AND OTHER OPERATING INCOME

Repayment of housing loans is by way of Equated Monthly Installments (EMI) comprising Principal and Interest. Interest on loans is computed either on an annual rest or on a monthly rest basis. EMIs commence once the entire loan is disbursed. Pending commencements of EMIs, Pre EMI Interest is payable every month. Service Charges, Processing Fees, OBC Charges, Admin Fees and documentation charges are booked at the commencement of the loan agreement.

5. INCOME FROM INVESTMENTS

Income from investment is accounted on an accrual basis.



6. TAX ON INCOME

The accounting treatment for the Income Tax in respect of the Company's income is based on the Accounting Standard on "Accounting for Taxes on Income" (AS – 22) notified by the Companies (Accounting Standards) Rules, 2006. The provision made for Income Tax in accounts comprises both, the current tax and deferred tax.

Deferred Tax is recognized for all 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. Such deferred tax is quantified using the tax rates and laws enacted or subsequently enacted as on the Balance Sheet date. The carrying amount of deferred tax asset/liability is reviewed at each Balance Sheet date and consequential adjustments are carried out.

7. FIXED ASSETS

Fixed Assets are capitalized at cost inclusive of legal and / or installation expenses.

8. DEPRECIATION

Depreciation is provided on all assets on Straight Line Method(SLM) under section 205(2)(a) at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

9. CONTINGENT LIABILITIES

The Company collects processing fees from applicants of housing/mortgage finance. Those applications, as on Balance Sheet date, which may not have been approved and are subsequently rejected, are eligible for refund of such processing fees. The Company, as a policy, books the amount when received towards processing fees as income and treats the same as expenditure on refund of such processing fees. As per management representation, figure of such refund due to applicants cannot be ascertained since the approval/rejection of these cases cannot be ascertained as on the Balance Sheet date.



Note-24: Additional Information to the Financial Statements:

- A. As per regulations of Housing Finance Companies (NHB) Directions, 2001, on Asset Classification all the assets are Standard Assets. There are no cases which are overdue for more than 90 days.
- B. Expenditure in Foreign Currency – Nil
- C. Earning in Foreign Currency – Nil
- D. The company has informed that none of its creditors are registered entities under Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. The company has been advised to collect letters from creditors confirming that whether their entities are registered under Micro, Small and Medium Enterprises Development Act, 2006.
- E. Disclosure as required in terms of Paragraph 5 of National Housing Bank Circular No. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11,2010 are given in Annexure A forming part of these Financial Statements.

Note -25 In accordance with Accounting Standard (AS) - 13 "Accounting for Investments" Company has made following investments:

Sr. No.	Name of The Company	Purchase Cost (Rs.)	Sale Proceeds (Rs.)
1	HDFC Cash Management	1,00,00,000/-	1,00,30,954/-
2	Birla Sun Life Mutual Fund	67,50,000/-	67,59,397/-
3	IDFC Money Manager Fund	82,50,000/-	82,70,284/-
4	TATA Mutual Fund	85,00,000/-	85,42,722/-
5	FD With Central Bank of India	75,00,000/-	75,09,709/-
6	FD With State Bank of India	1,70,00,000/-	1,70,24,452/-
	Total	5,80,00,000/-	5,81,37,518/-

The company has earned a dividend income of Rs.1,03,357/- (Previous year Rs. 1,99,399/-) & Interest on FD Rs.34,161/- (Previous Year Nil) from the above mentioned investments which is classified as "Other Income". All these investments in mutual funds are matured / liquidated before the end of the financial year and none of them are long term investments by the company.

Note 26: Disclosures as required as per Accounting Standard AS-15 (revised) – "Employee Benefits" prescribed by Companies (Accounting Standards) Rules, 2006 in respect of Gratuity are as under:



26.1 Defined Contribution Plan

The company has recognized the following amount in the statement of profit & loss account which are included under contribution to Provident fund and other fund:

Particulars	2013-14	2012-13
Employer's Contribution to P.F.	2,31,680/-	2,65,526/-
Employer's Contribution to E.D.L.I.C	9,658/-	11,066/-
Employer's Contribution to E.S.I.C.	80,871/-	1,19,105/-
P.F. Administrative expense	21,440/-	24,570/-

26.2 Defined Benefit Plans

- A. Leave Encashment: Company has made provisions for leave encashment as per (AS) - 15 'Employee Benefits' to the amount of Rs.1,70,962 /- (Previous year – Rs.1,37,677/-)

26.3 Contribution to Gratuity Fund

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.

Gratuity Benefits	ANNEXURE I
The amounts recognized in the balance sheet are as follows:	31-Mar-2014
Present value of funded obligations	55,721
Fair value of plan assets	155,233
Present value of unfunded obligations	-
Unrecognized past service cost	-
Unrecognized Actuarial loss	-
Amounts in the balance sheet:	
Liabilities	55,721
Assets	155,233
Net liability (Asset)	(99,512)



- Gratuity Benefits	ANNEXURE II
The amounts recognized in the statement of profit and loss are as follows:	31-Mar-2014
Current service cost	26,555
Interest on obligation	-
Expected return on plan assets	-
Net actuarial losses (gains) recognized in the period ending 31-Mar-2014	(196)
Prior Year Charge	29,166
Losses (gains) on curtailments and settlement	-
Total included in 'employee benefit expense'	55,525

Gratuity Benefits	ANNEXURE III
Changes in the present value of the defined benefit obligation representing reconciliation of	31-Mar-2014
Opening and closing balances thereof are as follows:	
Opening defined benefit obligation as on 1-Apr-2013	-
Service cost	26,555
Interest cost	-
Actuarial losses (gains)	-
Prior Year Charge	29,166
Losses (gains) on curtailments	-
Liabilities extinguished on settlements	
Liabilities assumed in an amalgamation in the nature..	
of purchase	-
Exchange differences on foreign plans	-
Benefits paid	-
Closing defined benefit obligation as on 31-Mar-2014	55,721

Gratuity Benefits	ANNEXURE IV
Changes in the fair value of plan assets representing reconciliation of the opening and closing	31-Mar-2014
Balances thereof are as follows:	
Opening fair value of plan assets as on 1-Apr-2013	-
Adjustment to the Opening Fund	-
Expected return	-
Actuarial gains and (losses)	196
Assets distributed on settlements	-
Contributions by employer	155,037
Assets acquired in an amalgamation	-
In the nature of purchase	
Exchange differences on foreign plans	-
Benefits paid	-
Closing fair value of plan assets as on 31-Mar-2014	155,233
Gratuity Benefits	ANNEXURE V
Reconciliation of Gratuity Provision Account	31-Mar-2014
Gross Defined Benefit Obligation as on 1-Apr-2013	-
Fair Value of Assets as on 1-Apr-2013	-
Provision in Books of Accounts as at 1-Apr-2013	-



Charge to Profit & Loss Account as per Annexure II	55,525
	55,525
Contributions paid to the Fund	(155,037)
Benefits Paid Directly by Company	-
Provision in Books of Accounts as at 31-Mar-2014	(99,512)

Gratuity Benefits	ANNEXURE VI
Closing defined benefit obligation as on 31-Mar-2014	55,721
Closing fair value of plan assets as on 31-Mar-2014	155,233
Provision in Books of Accounts as at 31-Mar-2014	(99,512)
Bifurcation of Liabilities as per Schedule VI	
Current Liability*	(99,512)
Non-Current Liability	-
Net Liability as at 31-Mar-2014	(99,512)
* The current liability is calculated as Expected Contributions for the next 12 months.	

Gratuity Benefits	ANNEXURE VII
Table of Experience Adjustments	31-Mar-2014
Defined benefit obligation	55,721
Plan assets	155,233
Surplus/(deficit)	99,512
Experience adjustments on plan liabilities	-
Actuarial Loss/(Gain) due to change in assumptions	-
Experience adjustments on plan assets	(196)
Net Actuarial Loss/ (Gain) for the year	(196)
Prior Year Charge	29,166

Gratuity Benefits	ANNEXURE VIII
The major categories of plan assets as a percentage of total plan assets are as follows:	31-Mar-2014
	%
Government of India Securities	0%
High quality corporate bonds	0%
Equity shares of listed companies	0%
Property	0%
Policy of insurance	100%
Bank Balance	0%

Gratuity Benefits	ANNEXURE IX
Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):	31-Mar-2014
Discount rate at 31-Mar-2014	9.10%
Expected return on plan assets at 31-Mar-2014	9.00%
Proportion of employees opting for early retirement	-
Annual increase in Salary costs	5.00%



Note 27: As per the opinion of the company there is only one identified reportable segment i.e. Housing Finance Business Segment for the of Accounting Standard (AS) - 17 "Segment Reporting" issued by the Companies (Accounting Standard) Rules, 2006

Note 28: Consequent to Mandatory AS - 18, issued by issued by the Companies (Accounting Standard) Rules, 2006 on "Related Party Disclosure" following persons will be considered as related persons for the period ended as on 31st March 2014.

1. MAS Financial Services Limited - Holding Company.
2. Kamlesh C Gandhi, Director - Key Management Personnel
3. Mukesh C Gandhi, Director - Key Management Personnel

The nature and volume of transactions during the year with the above related parties are as follows:

Name Of The Party	Nature of Transactions	Current Year	Previous Year
MAS Financial Services Ltd.	Inter-Corporate Deposit received	7,10,00,000/-	12,20,00,000/-
MAS Financial Services Ltd.	Inter-Corporate Deposit repaid	7,30,00,000/-	12,00,00,000/-
MAS Financial Services Ltd.	Interest Paid on ICD.	8,64,768/-	29,02,738/-
MAS Financial Services Ltd.	Rent Paid	7,50,000/-	6,00,000/-
MAS Financial Services Ltd.	Guarantee Outstanding as at year end	464,158,945/-	97,678,625/-
MAS Financial Services Ltd.	Total Guarantee Received	670,000,000/-	120,000,000/-
MAS Financial Services Ltd.	Advance Received	5,672,794/-	24,62,628/-
MAS Financial Services Ltd.	Advance Paid	56,72,794/-	24,62,628/-
MAS Financial Services Ltd.	Advance Given	20,17,988/-	1,14,271/-
MAS Financial Services Ltd.	Advance Repaid	20,17,988/-	1,14,271/-
MAS Financial Services Ltd.	Inter-Corporate Deposit Outstanding	-	20,00,000/-
Kamlesh C. Gandhi	Purchase of Equity Share	67,50,000/-	32,50,000/-
Kamlesh C. Gandhi	Managerial Remuneration	19,29,354/-	13,94,400/-
Mukesh C. Gandhi	Purchase of Equity Share	1,00,00,000/-	70,00,000/-
Mukesh C. Gandhi	Managerial Remuneration	19,29,854/-	13,94,400/-



Note 29: Disclosures for operating leases under Accounting Standard 19 – “Accounting for Leases” prescribed by Companies (Accounting Standards) Rules, 2006

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

Particulars	Year Ended 31-03-2014 Rupees	Year Ended 31-03-2013 Rupees
Lease payments recognized in the statement of Profit and Loss	7,50,000/-	6,00,000/-

Note. 30 Previous Year's Figures

Previous year figures have been reclassified / recast/ regrouped, wherever necessary.

As per Our Report Attached


KALARIA & SAMPAT
Chartered Accountants



Prakash Udeshi
Partner
Membership # 100877

Place: Ahmedabad
Date: 28th May, 2014

For and on behalf of Board of Directors

Kamlesh C. Gandhi
(Chairman & Managing Director)

Nidhi Bhatt
(Company Secretary)

Mukesh C. Gandhi
(Whole Time Director)

ANNEXURE A: (FORMING PART OF THE FINANCIAL STATEMENTS)

Disclosure as required in terms of Paragraph 5 of National Housing Bank Circular No.NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010.

I Capital to Risk Assets Ratio as on 31st March, 2014,

Sr. No.	Item	Current Year	Previous Year
1	CRAR (%)	49.83%	60.43%
2	CRAR – Tier I Capital (%)	49.02%	59.64%
3	CRAR – Tier II Capital (%)	0.81%	0.79%

II Exposure to Real Estate Sector:

(Rs. In Crores)

Category			Current Year	Previous Year
a)	Direct Exposures			
	(i)	Residential Mortgages –		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)		
		-Individual Housing Loan up to Rs. 15 Lakh	46.32	30.46
		-Individual Housing Loan more than Rs. 15 Lakh	5.43	2.26
	(ii)	Commercial Real Estate –		
		Lending secured by mortgages on commercial real estates (office buildings, 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;		
		-Individual Commercial Loan up to Rs. 15 Lakh	2.36	1.26
		-Individual Commercial Loan more than Rs. 15 Lakh	1.00	0.36
		-Builders	10.10	6.35
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
		A Residential	Nil	Nil
		B Commercial Real Estate	Nil	Nil
b)	Indirect Exposures			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		Nil	Nil



III Asset Liability Management

As at 31st March 2014:

(Rs. In Crores)

	1 day To 30- 31 days	Over one month to 2 month	Over 2 month up to 3 month	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 Years	Over 10 years	Total
Liabilities											
Borrowings from banks	0.32	0.70	0.11	1.24	3.83	15.63	14.82	7.83	1.47	0.47	46.42
Market Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets											
Advances	0.62	0.59	0.54	2.39	4.93	10.09	7.25	8.12	12.30	18.13	64.96
Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

As at 31st March 2013:

(Rs. In Crores)

	1 day To 30- 31 days	Over one month to 2 month	Over 2 month up to 3 month	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 Years	Over 10 years	Total
Liabilities											
Borrowings from banks	0.18	0.07	0.11	0.43	1.49	8.45	8.45	5.59	0.00	0.00	24.77
Market Borrowings	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20
Assets											
Advances	0.33	0.43	0.41	1.43	3.14	5.74	4.27	5.00	7.97	11.97	40.69
Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

