



The Power of Distribution

MAS FINANCIAL SERVICES LIMITED

MFSL/SEC/EQ/2018/31

June 29, 2018

To,
The Manager,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001

To,
General Manager
National Stock Exchange of India Limited
Exchange Plaza
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400051
Trading Symbol: **MASFIN**

Scrip Code: **540749**

Dear Sir,

Sub: Submission of 23rd Annual Report for the financial year 2017 – 18 in pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith 23rd Annual Report for the financial year 2017 – 18.

Kindly take the same on your record and display the same on the website of your Stock Exchange.

Thanking you,

Yours faithfully,

FOR, MAS FINANCIAL SERVICES LIMITED

RIDDHI BHAYANI
(COMPANY SECRETARY)
MEMBERSHIP NO.: A41206



Regd. Office :

6, Ground Floor, Narayan Chambers,
B/h Patang Hotel, Ashram Road, Ahmedabad-380 009.

CIN : U65910GJ1995PLC026064

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mfsi@mas.co.in



The Power of Distribution

23RD ANNUAL REPORT
2017-18



***EVERY TIME WE REACH
A MILESTONE,
WE BELIEVE
WE HAVE
JUST BEGUN...***

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www.mas.co.in

Visit Company's official website to download the Annual Report.

In our eventful and exciting journey of 23 years, we have reached many milestones...


...each milestone we reached has been the starting point of the next phase and a new beginning.



At **MAS**, our constant and tireless endeavour has been to reach further, aim higher and living up to our own expectations, surpassing them and setting ourselves yet higher targets and goals.

In the fast emerging and burgeoning NBFC space, growth is more or less given for all players. What differentiates long-term and sustainable growth is the quality of growth. And it is precisely this - not just growth per se, but quality growth that is what makes **MAS** distinct and different.

It is the vision and value systems of **MAS** underlined by a deep-rooted belief of the founders in the philosophy of trusteeship along with the passion has resulted in steady growth and expansion from ₹ 2 Crores AUM to over ₹ 4000 Crores AUM, from a revenue of ₹ 0.10 Crore to over ₹ 400 Crores and PAT of ₹ 0.02 Crore to over ₹ 100 Crores - validating our strategy and understanding the importance of protection of capital over returns on capital, and quality of growth over quantum of growth.



**As we look ahead
positively into
newer horizons, we
are confident and
committed to reach
new milestones...**

**because we feel we
have just begun...**

From the Desk of Founder, Chairman & MD

With a modest AUM of ₹ 2 Crores in the year 1995-96 to current AUM of more than ₹ 4000 Crores, it has been a journey where our resilience and capabilities were tested time and again.





My Dear Shareholders,

I am delighted to present to you the financial results for the year 2017-18. This has been a landmark year for the very reason that, we are now a strong group of close to 23,000 shareholders from just a few last year. The subscription to the Company's initial public offering was overwhelming to say the least. While it was a very motivating event for the Company, at the same time, it puts more responsibility on the management to pursue the goal of Excellence through Endeavours with more vigour.

The Company's performance as detailed in this report is very robust in tandem with our history of more than two decades: quality growth. In the business of lending, striking the balance between growth and quality is of paramount importance. We at **MAS** are committed to the same, evident from our long track record. With a modest AUM of ₹ 2 Crores in the year 1995-96 to current AUM of more than ₹ 4000 Crores, it has been a journey where our resilience and capabilities were tested time and again. It is worth sharing with all of you that every time our resolve got stronger.

Any company is as good as its human resource and it is no different at **MAS**. The Company has been served by one of the most dedicated and competent core team, along with a strong resource of more than 1,500 personnel responsible to propel the Company towards its mission and vision each day. Learning and unlearning on a daily basis remains the main plank of the human resource development.

The ultimate aim is to serve the customers in the most efficient manner, the key to sustainability and scalability. The opportunity that we get while serving the key customer base mainly in the MSME segment is enormous. It is a huge market characterised by excellent

entrepreneurs across the segment and the size of the business units we deal with. It will not be an exaggeration to mention that, we draw our inspiration from their hard work and resilience despite the fact that they have to face numerous challenges for their survival and growth. We endeavour to work closely with them and become their partner in their journey of growth through our financial advice and lending.

The successful journey so far is quite motivating, but in the same vein every New Year comes with its own set of challenges, which we reckon as opportunities. If you see the cover page of this financial report, it depicts what we at **MAS** believe in...

Every time we reach a milestone, we feel we have just begun...

This enthusiasm to take every challenge as an opportunity has played a vital role in laying the foundation of this Company.

We are committed to our mission of excellence through endeavours and start this new financial year 2018-19 with the same spirit and enthusiasm.

We are aware of the fact that we have miles to go and promises to keep and firmly believe that together we can and we will...

Best wishes,

Kamlesh C. Gandhi

Chairman and Managing Director

From the Desk of Co-Founder and Director-Finance

I am very happy to share with you that we could achieve this throughout our journey irrespective of the size and the macro scenario only because of the impeccable reputation the Company has built for itself in this long journey.





My Dear Shareholders,

I am delighted to share with you my views on the business and capital and liability management in particular. As you are aware, this is an organisation having more than two decades of excellent track record. This is the function of a very hard and dedicated efforts put in by team **MAA**.

Over the years, we have followed few fundamentals which have helped us to navigate through all the thick and thin over the journey of two decades. They are pursuing quality growth, understanding that return of capital is far more important than just return on capital, raising of capital very judiciously to name a few. We constantly endeavour to generate optimum returns on capital, which I firmly believe is the main expectation of the shareholders and very rightly so.

During the journey, we have attracted many marquee investors and take immense pride in the fact that, the same is true with our thousands of retail shareholders too. Capital raising and debt management is an integral part of the lending business and is responsible for kickstarting a benign cycle of quality growth for, the debt raised at the lowest possible rates helps the Company to lend at the most competitive rates; thus giving the opportunity to choose and pick the borrowers and extend credit where it is due. I am very happy to share with you that we could achieve this throughout our journey irrespective of the size and the macro scenario

only because of the impeccable reputation the Company has built for itself in this long journey.

Due to the Company's capabilities of generating high return on capital, it has mainly grown through internal accruals, evident of the fact that over the journey of 23 years, there has been just 3 primary raise of capital including the IPO. This depicts the sound position of the Company and a very strong enabler for enhancing the shareholders' value.

With current capital raise and listing the Company enters the next stage and with enhanced capabilities for a still efficient capital and liability management which will help the Company realise its mission and vision of excellence through endeavours and maximising shareholders' value.

Best wishes,

Mukesh C. Gandhi
Director - Finance

MAS at a Glance



MAS has been engaged in specialised retail financing services for over two decades. The Company's inception dates back to 1995, when it was registered with the Reserve Bank of India as an NBFC.

With a focus on fulfilling the requirements of lower income and middle-income groups of society, today MAS has a bouquet of retail financing options on offer including loans for Micro Enterprises and Small and Medium Enterprises, Home Loans, Two-Wheeler Loans, Used Car Loans and Commercial Vehicle Loans. The Company has a presence across urban, semi-urban and rural areas, with business offerings in both the formal and informal sectors.

In its quest to provide the most efficient last-mile delivery of credit to the doorstep of the people of India, it has opened several branches. This network of 77 branches in major cities of Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu and Karnataka, caters to over 3,300 centres spread across various locations.

Targeting a significant market share of the financial services space, MAS has been putting in place systems and processes that enable the Company to expand its distribution and assess various perspectives of creditability, in the absence of proper and systematic credit documents, including creditworthiness through other channels. It also leverages the distribution network of its partner NBFC-MFIs/NBFCs/HFCs/franchisees, thus tapping the emerging opportunity by extending financial services to underpenetrated regions and the BOP segment.



VISION

To be one of the most efficient distributors of financial services and create value on a very large scale.



MISSION

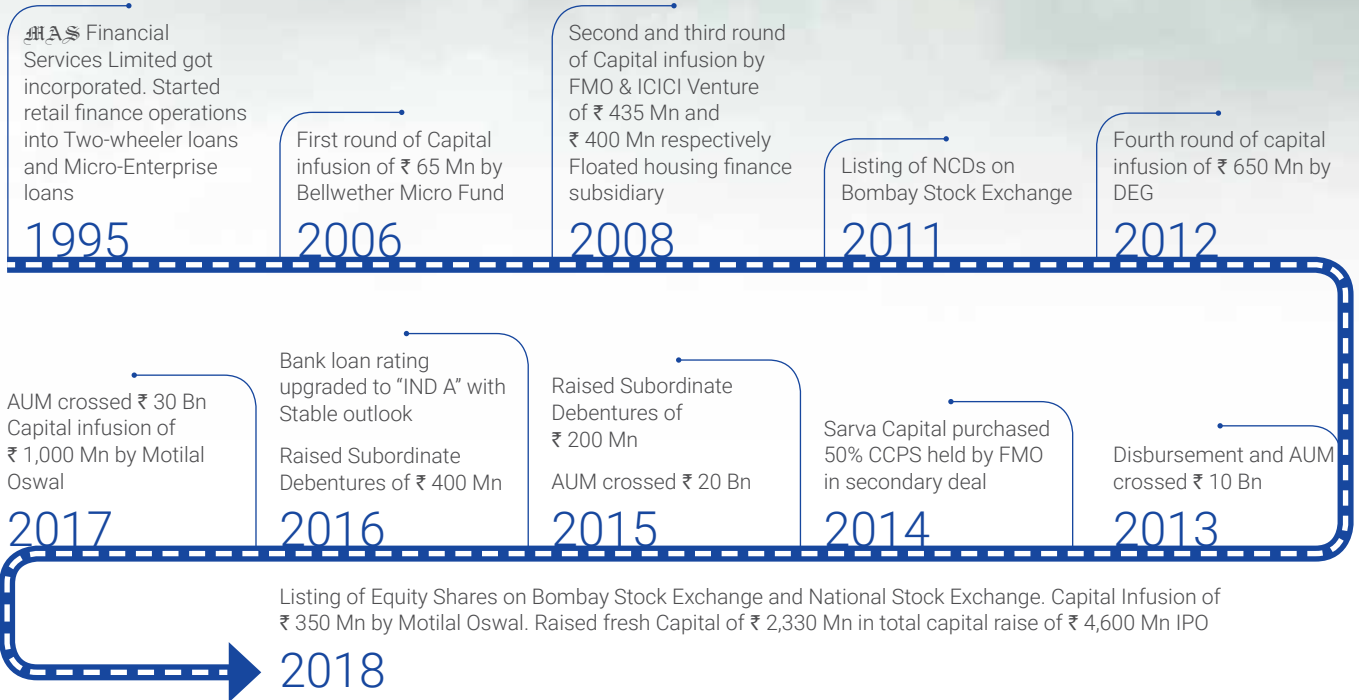
To constantly endeavour, to attain excellence and create a very wide financial distribution network and to be a catalyst; in providing the most efficient financial services which we term as financial inclusion.

BELIEF

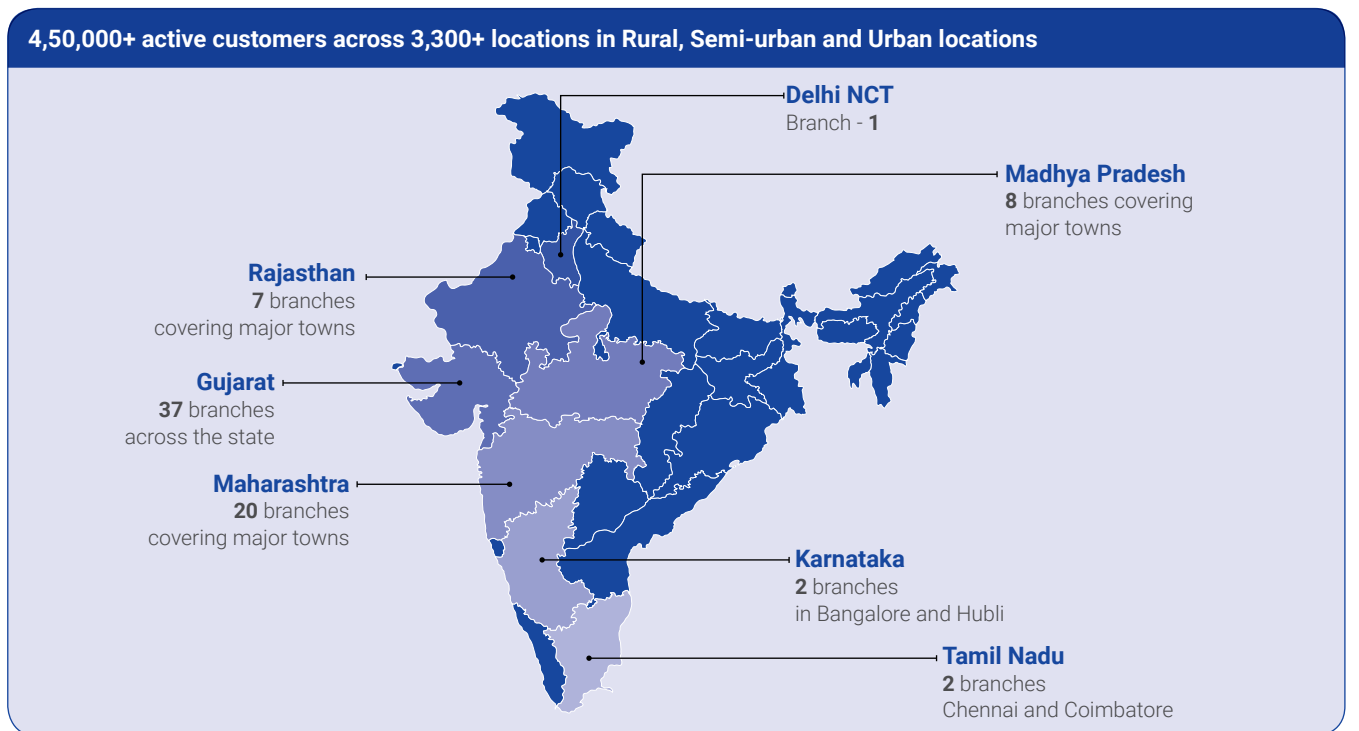
“We have miles to go & promises to keep...”
“Together we can and we will”



Our Journey so far...



HFS has 77 branches across 6 States and NCT of Delhi



Key Strengths



Specialised in Retail Lending for the past 23 years – Over the years, **AFAS** has created a diversified portfolio of loan products, a strong retail presence and wide distribution network and a thorough understanding of the MSME sector.



Achieved Consistent Growth – **AFAS** has delivered consistent growth in profitability and returns over the years. Alongside stellar growth in the AUM, the GNPA's and NNPA's have remained negligible.



Human Resource – A very competent and a dedicated core team in charge of the key functions. Most of them with the Company since inception.

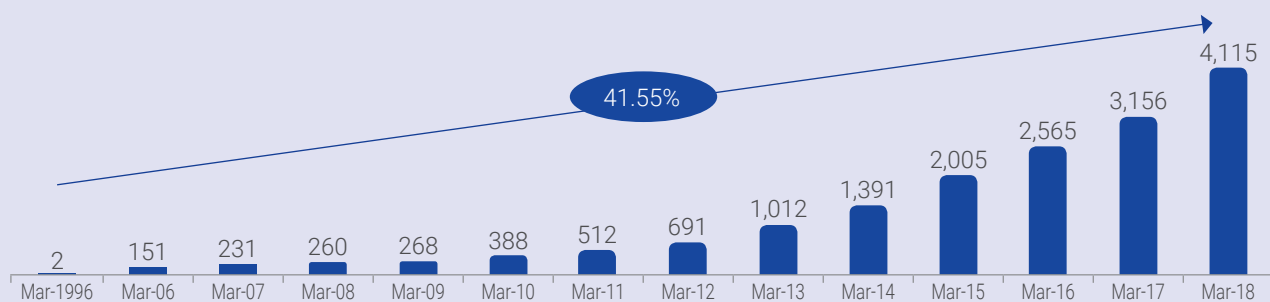


Efficient Liability Management – **AFAS** enjoys an efficient cost of borrowing on various instruments including NCDs, Term Loans, Commercial Paper and Cash credit. Over a third of its AUM is assigned to Banks and Financial Institutions. Enabling capital base to fuel the future growth, getting stronger every year with internal accruals, ensuring robust Tier I and Tier II CRAR.

Progress in Numbers

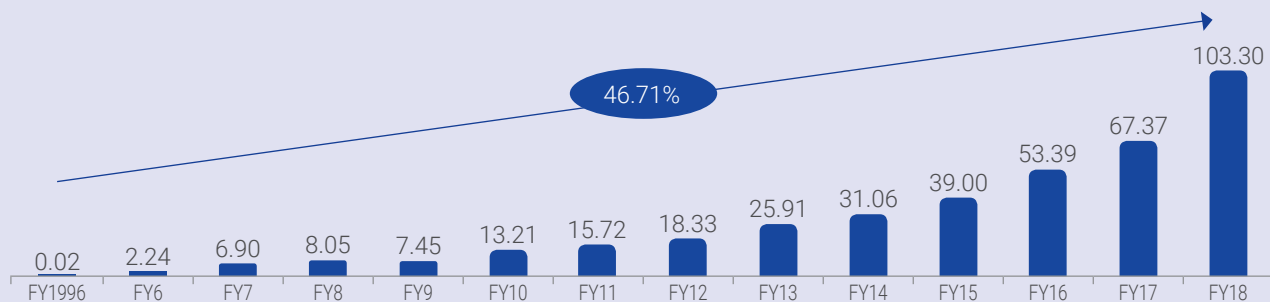
(₹ in Crores)

Assets Under Management (AUM)



(₹ in Crores)

Profit After Tax (PAT)

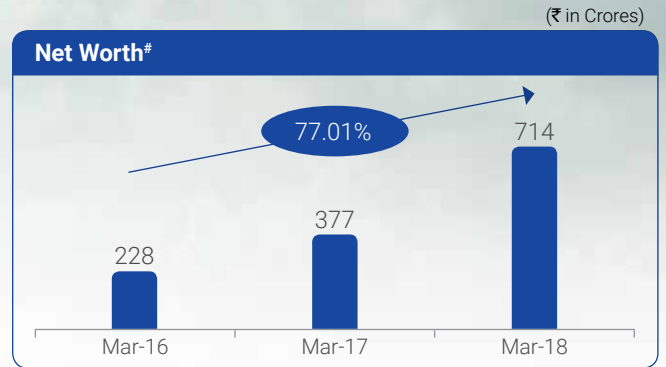
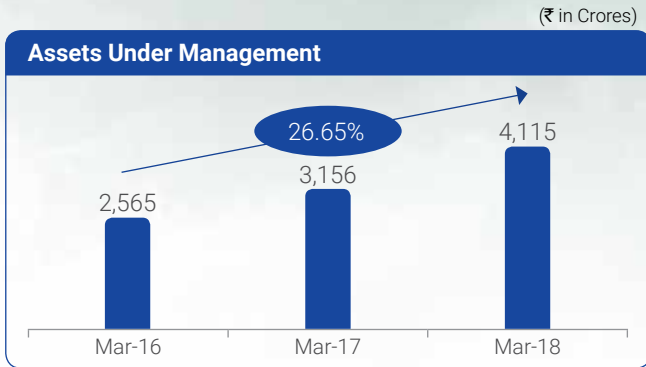


Other Key Achievements

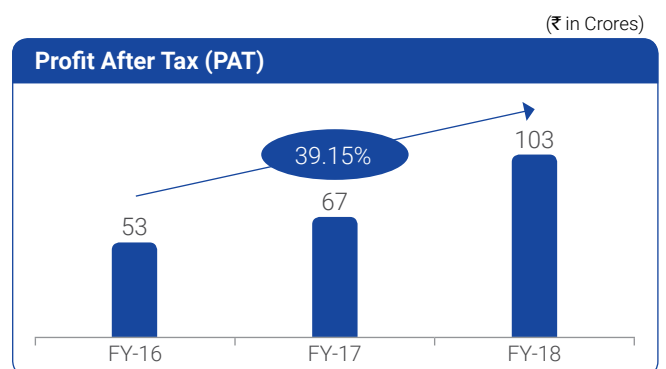
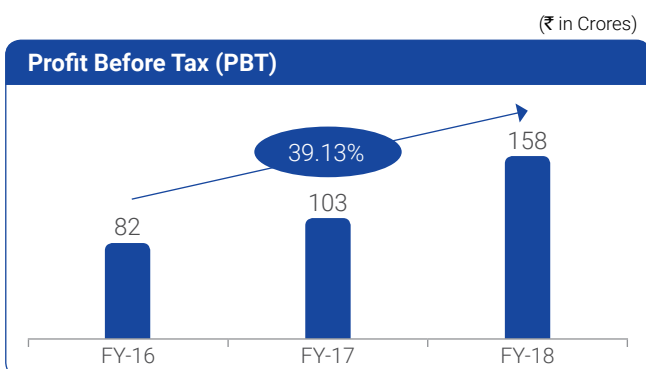
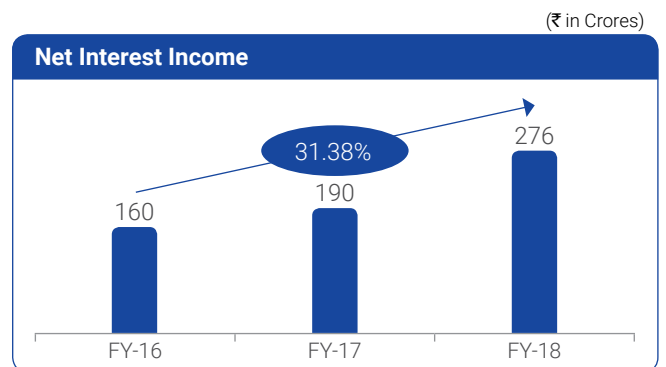
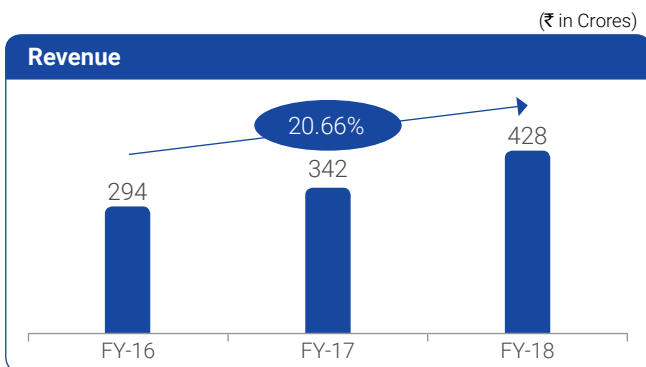
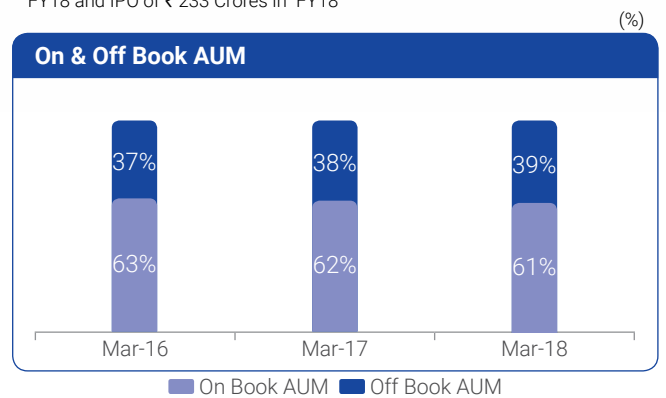
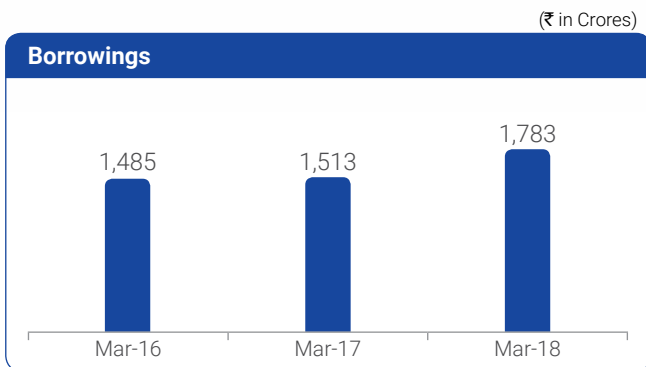
(₹ in Crores)

| | FY2017 | FY2018 | Growth |
|-------------------------------|----------|----------|--------|
| Assets Under Management (AUM) | 3,156.14 | 4,114.45 | 30% |
| Profit Before Tax (PBT) | 103.07 | 158.05 | 53% |
| Profit After Tax (PAT) | 67.37 | 103.37 | 53% |
| Gross NPA | 1.09% | 1.15% | 5% |
| Net NPA | 0.95% | 0.91% | -4% |
| Return on AUM (ROAUM) | 2.36% | 2.84% | 21% |

Financial Performance



Fresh Infusion through Pre- IPO of ₹ 100 Crores in FY 17 and ₹ 35 Crores in FY18 and IPO of ₹ 233 Crores in FY18



Excellence Through Endeavours

At the heart of our enduring success and steady growth over the last 23 years has been our simple yet steadfast belief – Excellence through Endeavours.

Every thought and action, every strategy and tactic and every intent and initiative that we take emanates from this deeply embedded belief.

What makes the *MAS* Value Proposition different?

In one word – our approach.

Our entire approach to business is underpinned by excellence and focus on quality. In the world of lenders and borrowers, our approach is to create entrepreneurs and not just borrowers. For entrepreneurs, it is the availability of credit in time and at fair terms that is critical; and it is here that we ensure that extending credit where it is due. As lenders, we are always close to the ground and understand the finer nuances and needs to credit requirement in depth and detail, ensuring an efficient last mile delivery of credit.

The lending process at *MAS* begins by understanding customers and the financial need. We are advisers first and financiers later. Our entire approach is to craft and create a financial solution and not a mere loan. Because, we believe that in the success of our customers lies our success-together we can and we will...

Our approach to the fast-growing opportunity in the NBFC marketplace is also different. We believe that

markets are here to stay, and therefore, it is important for us to stay too. And to sustain in the long run, it is vital to choose quality of growth and protection of capital. While the lure of leveraging and aiming for exponential short-term growth can be enticing, we have been courageous to remain patient.

Our people are an integral part of our success story and journey. They are our true brand-ambassadors, representing *MAS* to all our stakeholders. At *MAS*, our dedicated Human Resources team aims to create proprietors and not just employees. That is why every person working in function, location or division of *MAS* has a strong sense of belongingness and ownership, sharing deep commitment and responsibility towards all stakeholders. The culture at *MAS* is to maintain high morals and low profile. Ethics and integrity are ingrained in every employee, with a shared vision and goal to deliver

**excellence through
endeavours, keep
pushing the boundaries
and reach new
milestones...
and then begin afresh
and anew.**

Board of Directors



MR. KAMLESH GANDHI - Founder, Chairman & Managing Director

He manages the Company with the guidance and support of the Board. He is a proficient and experienced industry practitioner with a brilliant track record. He has over two decades managed and propelled the Company's growth. His understanding and the vision is among the key enablers for the consistent performance of the Company.



MR. MUKESH GANDHI - Co-founder, Whole-Time Director & CFO

He is actively involved in the strategic decisions of the Company. He is well-known industry expert and a popular public speaker on various issues in Finance. He is an academician and Chairman of Gujarat Finance Company Association & also the Committee Member of Finance Industry Development Council (FIDC).



MRS. DARSHANA PANDYA - Director & COO

She is responsible for leading the operations at HFS and also the relationship of the Company with its more than 100 NBFC-MFI & NBFC Partners. She is a commerce graduate who joined the Company in 1996 as a junior executive and through her hard work, immaculate working and determination to excel, accompanied by enabling support from the management; rose to the level of Director.



MR. BALA BHASKARAN - Independent Director

He is a management graduate with two decades of experience in the consultancy and financial sector. He has a number of management consultancy inputs from his rich experience. He has done his engineering from IIT-Madras, MBA from IIM-Bangalore and CFA from ICFAI.



MR. CHETAN SHAH - Independent Director

He holds bachelor's degrees in commerce and law (general) from Gujarat University. He is also a qualified chartered accountant registered with the Institute of Chartered Accountants of India. He has over 33 years of experience in the financial services sector and has in the past worked with the Natpur Co-operative Bank as the Manager – Finance.



MR. UMESH RAJANIKANT SHAH - Independent Director

He is a Chartered Accountant. He has more than 35 years of experience in the diverse fields connected with Finance, Accounting, Auditing and Taxation. He also has 5 years hands-on experience of working in an NBFC.

Corporate Information

Board of Directors

Mr. Kamlesh C. Gandhi

Chairman & Managing Director
DIN - 00044852

Mr. Mukesh C. Gandhi

Whole-Time Director & CFO
DIN - 00187086

Mrs. Darshana S. Pandya

Director & COO
DIN - 07610402

Mr. Balabhaskaran Narayanan Nair

Independent Director
DIN - 00393346

Mr. Chetan Ramniklal Shah

Independent Director
DIN - 02213542

Mr. Umesh Rajanikant Shah

Independent Director
DIN - 07685672

Chief Financial Officer

Mr. Mukesh Gandhi

Company Secretary & Compliance Officer

Ms. Riddhi Bhayani

Investor Relations

Mr. Ankit Jain

List of Banking Relationships & Subscribers to Debt Issues

Dena Bank
Axis Bank Limited
State Bank of India
Bank of India
HDFC Bank Limited
IDBI Bank Limited
Central Bank of India
United Bank of India
The RBL Bank
Tata Capital Financial Services Limited
Dena Gujarat Grameen Bank
South Indian Bank
Oriental Bank of Commerce
Indian Overseas Bank
Capital First Limited
Bank of Maharashtra
Union Bank of India
Punjab National Bank
Andhra Bank
Small Industrial Development Bank of India
Bajaj Finance Limited
Laxmi Vilas Bank Limited
Tamilnad Mercantile Bank
Mahindra & Mahindra Financial Services Limited
Shinhan Bank

Statutory Auditors

Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117365W)

Registrar and Transfer Agent

Link Intime India Private Limited
C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg,
Vikhroli (West)
Mumbai - 400 083, Maharashtra, India

Debenture Trustee

CATALYST TRUSTEESHIP LTD.
GDA House, Plot No. 85
Bhusari Colony, Paud Road,
Pune - 411038

IDBI Trusteeship Services Limited
Asian Building
Ground Floor
17, R. Kamani Marg
Ballard Estate
Mumbai - 400 001

Registered Office:

6, Ground Floor,
Narayan Chambers,
B/h Patang Hotel,
Ashram Road,
Ahmedabad - 380 009

CIN: U65910GJ1995PLC026064

Notice

NOTICE is hereby given that the Twenty Third (23rd) Annual General Meeting (AGM) of the members of **AAS Financial Services Limited** will be held at 10:00 A.M., on Wednesday, the 27th day of June, 2018 at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt audited Standalone and Consolidated financial statements of the Company for the year ended 31st March 2018 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare final dividend on equity shares.
3. To appoint a Director in place of Mr. Kamlesh Gandhi, (DIN 00044852), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.
4. To appoint Auditor and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 of the Companies Act, 2013 and the rules made there under, B S R & Co., LLP, Chartered Accountants be and are hereby appointed as a Statutory Auditors of the Company for a period of 5 years and to hold office from the conclusion of the 23rd Annual General Meeting of the Company to the Conclusion of the 28th Annual General Meeting and the Board of Directors of the Company be and is hereby authorised to fix their remuneration for the said period.”

SPECIAL BUSINESS:

5. Approval for increasing the Borrowing Powers under Section 180(1)(c) of the Companies Act, 2013 up to ₹ 5,000 crores.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of the earlier resolution passed at the 22nd Annual General Meeting of the members of the Company held on 21st June 2017, the consent of the members be and is hereby accorded under the provisions of Section 180(1)(c) of the Companies Act, 2013, to the Board of Directors to borrow from time to time such sum or sums of money as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies

already borrowed by the Company (apart from cash credit arrangement, discounting of bills and other temporary loans obtained from company’s bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose;

Provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of ₹ 5,000 crores (Rupees Five Thousand Crores only).

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution.

RESOLVED FURTHER THAT Board may further delegate the power to committee for the above mentioned matter.”

6. Approval for creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a) of the Companies Act, 2013:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of the earlier resolution passed at the 22nd Annual General Meeting of the members of the Company held on 21st June 2017 the consent of the members of the Company be and is hereby accorded pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modifications or amendments thereof) and Rules made thereunder, to create security by way of mortgage, hypothecate, pledge and / or charge, in addition to the mortgage, hypothecate, pledge and/or charge already created, in such form, manner and ranking and on such terms as the Board deems fit in the interest of the Company, on all or any of the movable and / or immovable properties of the Company (both present and future) and /or any other assets or properties of the Company and / or the whole or part of any of the undertaking of the Company together with or without the power to take over the management of the business or any undertaking of the Company in case of certain events of defaults, in favour

of the Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, debentures (comprising fully/partly Convertible Debentures and/or Secured/Unsecured Non-Convertible Debentures or any other securities) or otherwise, in foreign currency or in Indian rupees, from time to time, up to the limits approved or as may be approved by the shareholders under Section 180(1) (c) of the Act (including any statutory modification or re-enactment thereof) along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other monies payable by the Company including any increase as a result of devaluation/revaluation/fluctuation in the rate of exchange etc.”

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize with the Lending Agencies / Trustees, the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to this Resolution.”

By order of the Board

Riddhi Bhayani

Place : Ahmedabad Company Secretary & Compliance Officer
Date : 28th May 2018 (Mem No. A41206)

NOTES:

A. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 23rd ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The proxy form, to be valid and effective, should be lodged at the registered office of the Company, duly completed and signed, not less than forty-eight hours before the commencement of the AGM.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carry voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

B. Corporate members intending to send their authorised representative(s) to attend the meeting are requested to send to the company a certified copy of relevant board resolution together with the specimen

signature(s) of the representative(s) authorised under the said Board resolution to attend and vote on their behalf at the meeting.

- C. The relative Explanatory Statement, pursuant to Section 102(2) of the Companies Act, 2013 in respect of the special business under item No. 5 to 6 is annexed hereto.
- D. The members are requested to bring duly filled attendance slip along with their copy of Annual Report at the Annual General meeting.
- E. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Friday, 15th June 2018 to Wednesday, 27th June 2018, (both days inclusive) for determining the entitlement of the shareholders to the payment of dividend.
- F. Subject to the provisions of Section 126 of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the AGM, will be dispatched/remitted commencing on or after 27th June 2018.
- G. All documents referred to in the notice and the explanatory statement requiring the approval of the Members at the AGM and other statutory registers shall be available for inspection by the Members at the registered office of the Company during office hours on all working days between 11.00 a.m. and 1.00 p.m. on all working days of the Company from the date hereof up to the date of ensuing annual general meeting.
- H. Members holding shares in electronic form are requested to notify the changes in the above particulars, if any, directly to their Depository Participants (DP).
- I. In accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014 and Regulation 36 of the SEBI (LODR) Regulations, 2015, this Notice and the Annual Report of the Company for the financial year 2017-18 are being sent by e-mail to those Members who have registered their e-mail address with the Company (in respect of shares held in physical form) or with their DP (in respect of shares held in electronic form and made available to the Company by the Depositories).
- J. The Company requests those Members who have not yet registered their e-mail address, to register the same directly with their DP, in case shares are held in electronic form and to the Company, in case shares are held in physical form.
- K. The Annual Report 2017-18 of the Company is also available on the Company's website at www.mas.co.in

and also on the website of the respective Stock Exchanges at www.bseindia.com and www.nseindia.com.

L. In terms of the provisions of the provisions of Section 107 of the Companies Act, 2013, since the resolutions set out in this Notice are being conducted through e-voting, or through ballot or polling paper at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The said resolutions will not be decided on show of hands at the AGM.

M. For Security reasons and for proper conduct of AGM, entry to the place of the AGM will be regulated by the Attendance Slip, which is annexed to this Notice. Members/ Proxies are requested to bring their Attendance Slip in all respects and signed at the place provided there at and hand it over at the entrance of the venue. The route map of the AGM venue is also annexed to this Notice.

N. Voting through electronic means:

I. In compliance with provisions of Regulation 44 of SEBI (LODR) Regulations, 2015, Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 23rd Annual General Meeting (AGM) by electronic means (e-voting) and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Securities Limited (CDSL).

II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The remote e-voting period commences at 9.00 A.M. on Friday the 22nd June 2018 and ends at 5.00 P.M. on Tuesday, the 26th June 2018. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th June 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

V. The details of the process and manner for remote e-Voting are explained herein below:

Step 1: Open your web browser during the voting period and log on to the e-voting website: www.evotingindia.com.

Step 2: Now click on "Shareholders" to cast your votes.

Step 3: Now, fill up the following details in the appropriate boxes:

| | |
|----------|---|
| User-ID: | a. For CDSL: 16 digits beneficiary ID |
| | b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID |
| | c. Members holding shares in physical form should enter the Folio Number registered with the Company. |

Step 4: Next, enter the Image Verification as displayed and Click on Login.

If you are holding shares in demat form and had logged on to then your existing password is to be used.

Step 5: If you are a first time user follow the steps given below:

For members holding shares in demat form and physical form:

| | |
|------------------------|---|
| PAN | Enter your 10 digit alphanumeric PAN issued by Income Tax Department. Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field. |
| DOB# | Enter the Date of Birth as recorded in dd/mm/yyyy format. |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat Bank account or the Company records for the said folio. If the details are not recorded with the Depository or Company, please enter the number of Shares held by you in the bank account column. |

Please enter the DOB or dividend bank details in order to login.

Step 6: After entering these details appropriately, click on "SUBMIT" tab.

Step 7: Members holding shares in physical form will then directly reach the Company selection screen. However, first time user holding shares in demat form will now reach 'Password Creation'

menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password can also be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that the Company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

If Demat account holder has forgotten the changed password then Enter the user ID and the image verification code and click on Forgot Password and enter the details as prompted by the System.

Step 8: For members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.

Step 9: Click on EVSN - 180531011 of the Company.

Step 10: On the voting page, you will see Resolution Description and against the same, the option "YES/NO" for voting. Select the relevant option as desired YES or NO and click to submit.

Step 11: Click on the resolution file link if you wish to view the entire Notice.

Step 12: After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

Step 13: You can also take print out of the voting done by you by clicking on "Click here to print" option on the Voting page.

Step 14: Instructions for Non – Individual Members and Custodians:

- Non-Individual Members (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be emailed to helpdesk.evoting@cdslindia.com and on

approval of the accounts, they would be able to cast their vote.

- A scan copy of the Board Resolution and Power of Attorney ("POA") which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.

GENERAL GUIDELINES FOR SHAREHOLDERS

1. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20th June 2018.
2. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
3. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
4. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
5. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or to a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
6. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
7. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.mas.co.in and on the website of CDSL i.e www.evotingindia.com within three days of the passing of the Resolutions at the 23rd Annual General Meeting of the Company and shall also be communicated to the Stock Exchanges where the shares of the Company are listed.
8. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an e-mail to helpdesk.evoting@cdslindia.com.

INFORMATION AS REQUIRED UNDER REGULATION 36(3) SEBI (LODR) REGULATIONS, 2015 IN RESPECT OF DIRECTORS BEING REAPPOINTED / APPOINTED:

| Particulars | Mr. Kamlesh Gandhi |
|---|--|
| DIN | 00044852 |
| Date of birth | 02/02/1966 |
| Age | 52 years |
| Qualification | Commerce Background |
| Experience (including expertise in specific functional area) / Brief Resume | Over 22 years of experience in the financial services sector, with our Company. |
| Terms and Conditions of Re-appointment | As per the resolution passed by the shareholders at the Annual General Meeting held on 29 th June 2016. |
| Remuneration last drawn | ₹ 415.37 Lakh (F.Y. 2016-17) |
| Remuneration proposed to be paid | As per existing terms and conditions |
| Date of first appointment on the Board | 25 th May 1995 |
| Shareholding in the company | 62,64,081 Equity Shares 11.46% |
| Relationship with other Directors/Manager and other Key Managerial Personnel of the company | Younger brother of Mr. Mukesh Gandhi, Whole-time Director & Chief Financial Officer of the Company. |
| Number of Meetings of the Board attended | 14 |
| Other Directorships | 3 |
| Membership/Chairmanship of Committees of other Boards | Nil |

Route Map of 23rd Annual General Meeting



Annexure to the Notice

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts.

As required under Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 5 to 6 of the Notice.

Item No.: 5 & 6

In terms of the provisions of Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013 read with applicable rules framed thereunder, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, dispose of its property (including creation of charge on assets of the Company) and borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves (reserves not set apart for any specific purpose). At the Annual General Meeting of the Company held on 21st June 2017, the shareholders had accorded consent to the Board of Directors for borrowing any sum or sums of money outstanding at any point of time, not exceeding the sum of ₹ 3,500 Crores (Rupees Three Thousand Five Hundred Crores only). At the same Annual General Meeting of the Company, the shareholders had accorded consent to the Board of Directors for creation of charges etc. to secure aforesaid borrowings.

Considering the Company's future growth plans and requirements of additional funds for operation, modernization, it is proposed to increase the above borrowing limits from the existing ₹ 3,500 crores to an amount not exceeding at any time a limit of ₹ 5,000 crores (Rupees Five Thousand Crores only).

The proposed borrowings by the Company, if required, is to be secured by mortgage or charge on all or any of the movable or immovable or any other tangible and intangible assets / properties of the Company (both present & future), in favour of any lender including the financial institutions / banks / debenture trustees etc. in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage and / or charge on any of the movable and / or immovable or any other tangible and intangible assets /

properties and / or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company with a power to the charge holders to take over the management of the business of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013.

The resolutions contained in item no. 5 & 6 of the accompanying Notice, accordingly, seek members' approval for increasing the borrowing limits and disposal of the Company's undertaking(s) by creation of mortgage / charge etc. thereon and for authorizing the Board of Directors (including a Committee thereof authorized for the purpose) of the Company to complete all the formalities in connection with the increase in the borrowing limits and creating charge on Company's properties, respectively.

None of the Directors or key managerial personnel of the Company or their relatives is / are, in any way concerned or interested in the proposed resolutions.

The Board recommends the resolutions set forth in the Item Nos. 5 & 6 of the Notice for approval of the Members.

Contact Details:

Company: **MAS Financial Services Limited**
6 Ground Floor, Narayan Chambers,
Behind Patang Hotel, Ashram Road,
Ahmedabad – 380 009.
CIN: U65910GJ1995PLC026064

Company Secretary & Compliance Officer: **Riddhi Bhaveshbhai Bhayani**
Email Id: Riddhi_Bhayani@mas.co.in

Registrar and Transfer: **Link Intime India Private Limited**
C-101, 1st Floor, 247 Park Lal Bahadur
Shastri Marg,
Vikhroli (West),
Mumbai, Maharashtra, 400083

Agent e-Voting Agency: **Central Depository Services (India) Limited**
E-mail ID: helpdesk.evoting@cdslindia.com
Phone : 022- 22723333 / 8588

Scrutinizer: **Ravi Kapoor**
Practicing Company Secretary
E-Mail id: ravi@ravics.com

Directors' Report

To,
The Members,
HFS FINANCIAL SERVICES LTD
Ahmedabad.

Your Directors are happy to present the **23rd ANNUAL REPORT** of your Company together with the Audited Accounts drawn for the year ended on 31st March 2018.

FINANCIAL RESULTS:

(₹ in Lakhs)

| Particulars | Standalone | | Consolidated | |
|--|---|---|---|---|
| | Year Ended on 31 st March 2018 | Year Ended on 31 st March 2017 | Year Ended on 31 st March 2018 | Year Ended on 31 st March 2017 |
| Revenue from Operations | 42,618.94 | 34,063.15 | 45,302.10 | 36,374.62 |
| Other Income | 168.31 | 88.56 | 194.15 | 95.57 |
| Total Income | 42,787.25 | 34,151.71 | 45,496.25 | 36,470.19 |
| Total Expenditure | 26,981.89 | 23,844.55 | 29,353.29 | 25,871.29 |
| Profit Before Tax | 15,805.36 | 10,307.16 | 16,142.96 | 10,598.90 |
| Provision for Taxation (Including Current tax, Deferred Tax & Income Tax of earlier Years) | 5,467.94 | 3,569.93 | 5,561.07 | 3,666.98 |
| Net Profit | 10,337.42 | 6,737.23 | - | - |
| Net Profit after profit attributable to minority shareholders | - | - | 10,480.97 | 6,853.28 |
| Profit Brought Forward | 8,166.76 | 5,776.84 | 8,455.75 | 5,988.62 |
| Profit Available for Appropriation | 18,504.18 | 11,377.69 | 18,914.53 | 11,705.52 |
| APPROPRIATIONS: | | | | |
| Transfer to Statutory Reserve | 2,067.48 | 1,347.45 | 2,114.15 | 1,386.31 |
| Interim Dividend on Equity Shares | 819.93 | 1,250.01 | 819.93 | 1,250.01 |
| Interim Dividend on Preference Shares | 13.14 | 299.57 | 13.14 | 299.56 |
| Dividend on Preference Shares | 28.95 | - | 28.95 | - |
| Dividend distribution tax on Preference Shares | 8.57 | 59.38 | 8.57 | 59.38 |
| Dividend distribution tax on Equity Shares | 166.95 | 254.52 | 168.00 | 254.51 |
| Surplus Balance carried to Balance Sheet | 15,399.16 | 8,166.76 | 15,761.79 | 8,455.75 |

BUSINESS PERFORMANCE:

In the year 2017-18 the Company crossed ₹ 4,000 crore AUM, registering a robust growth of 30.36% on YoY basis. Asset under Management is ₹ 4,114.45 Crore (Previous year ₹ 3,156.14 Crore).

The gross income realized by the company is ₹ 427.87 Crore (Previous year ₹ 341.51 Crore) comprising of income from operations and other income. Net Profit after tax is ₹ 103.37 Crore (Previous year ₹ 67.37 Crore), registering a robust growth of 25.29% and 53.44% respectively over the previous year. The Earning per share is ₹ 20.94 (Previous year ₹ 15.85)

PROSPECTS AND DEVELOPMENTS:

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.

The company continues to pursue the strategy of being multi product and multi locational, thus giving the distinct edge from the risk management and scalability perspective. The focus across the product is of catering to the lower and the middle income segment, which is the key driver of our economy.

SMALL AND MEDIUM ENTERPRISE LOAN:

Introduction of machinery and working capital loans to the SME from the last 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. The focus remains on states of operation namely Gujarat and Maharashtra. We intend to expand our reach to Madhya Pradesh and Rajasthan from this year.

TWO WHEELER AND COMMERCIAL VEHICLE FINANCING:

We continue to focus on Two wheeler and Commercial Vehicle financing and we adopt such business models which generates required return on assets and the quality portfolio. While the company is keen to increase this portfolio, the endeavor will be to balance between yields, asset quality and growth. We are confident that as we spread to newer geographies within our distribution network, we will be achieving the desired objective.

HOUSING FINANCE:

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.

The company has 69 branches Pan India as on 31st March 2018. 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 endeavour relentlessly and are confident of creating a quality portfolio and add value to the ecosystem we work in.

DISTRIBUTION NETWORK:

In continuation of our last year's efforts the process of expanding its operations in the region of Rajasthan, Maharashtra, besides Gujarat is in progress. The Company has expanded its operations in Madhya Pradesh beyond Indore to Bhopal, Gwalior and Jabalpur and also started operations at four other locations namely Ratlam, Guna, Sagar, and Satna. 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 77 and the total centers covered are more than 3,300 in numbers.

PARTNERING WITH REGIONAL NBFCs AND NBFC-MFIS:

Over the period of last 8 years of our working with this sector, our belief is further strengthened, 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 our entire partner NBFCs and are keen to leverage the relationships for mutual benefits. Currently we have very strong relationships with more than 100 such organizations.

RESOURCES:

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.

CAPITAL MANAGEMENT:

I am delighted to share with you the stupendous success of the Initial Public Offering of your company. As shared with you the last time the offer was of ₹ 460.04 crore. After the pre IPO placement of ₹ 135 crore. The issue was subscribed close to 129 times and got listed at the premium of more than 40%. This was the most humbling experience and the respect accorded to the company by the investors across all the categories to say the least. The company in tandem with its philosophy of pursuing the mission of **Excellence through Endeavours** will strive to maximize the shareholders' value.

The company continues to pursue an efficient capital management policy, which aims at maximizing the return on capital employed and at the same time adhering to the prudential guidelines laid down by RBI from time to time.

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.

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 fourteen 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 | 17.05.2017 | 6 | 6 |
| 2 | 21.06.2017 | 6 | 6 |
| 3 | 07.07.2017 | 6 | 5 |
| 4 | 29.07.2017 | 6 | 6 |
| 5 | 24.08.2017 | 6 | 6 |
| 6 | 12.09.2017 | 6 | 6 |
| 7 | 13.09.2017 | 6 | 6 |
| 8 | 21.09.2017 | 6 | 6 |
| 9 | 25.09.2017 | 6 | 6 |
| 10 | 11.10.2017 | 6 | 6 |
| 11 | 08.11.2017 | 6 | 5 |
| 12 | 06.12.2017 | 6 | 5 |
| 13 | 24.01.2018 | 6 | 6 |
| 14 | 26.02.2018 | 6 | 6 |

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departure.
- 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 and loss of the Company for the year under review.

- 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.
- The directors had prepared annual accounts on a going concern basis.
- The directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
- 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.

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES:

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished as attached to this report. **"Annexure - B"**

SECRETARIAL AUDIT REPORT:

Pursuant to Section 204 of the Act, the Secretarial Audit Report for the Financial Year ended 31st March 2018 given by Ravi Kapoor & Associates, Practicing Company Secretary is annexed to this Report. The Secretarial Audit Report for the year under review is self-explanatory and does not contain any qualification. **"Annexure - C"**

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

The Company has received declarations from Mr. Bala Bhaskaran, Mr. Chetan Shah, and Mr. Umesh Shah 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 December 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 MAS FINANCIAL SERVICES LIMITED. The copy of Nomination and Remuneration policy is available at the Website of the Company i.e. www.mas.co.in/policy.html

EXPLANATIONS OR COMMENTS BY BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE:

- (i) **By the auditor in his report;**
There is no qualification, reservation or adverse remark or disclaimer in audit report issued by the auditors of the Company.
- (ii) **By the company secretary in practice in his secretarial audit report;**
There is no qualification, reservation or adverse remark or disclaimer in secretarial audit report issued by the company secretary in practice.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

Since the Company is Non-Banking Financial Company registered with the RBI, the disclosures pertaining to Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are not applicable.

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

All Contracts / Arrangements / Transactions entered by the Company during the financial year with related parties were in ordinary course of business and on arm's length basis except execution of Amenities Agreement with the Subsidiary Company. Particulars of such related party transactions described in Form AOC-2 which is annexed herewith as "Annexure - D".

The board has approved a policy for related party transactions which has been hosted on the web Site of the Company. The web-link for the same is <https://mas.co.in/policy.html>. The related party transactions, wherever necessary are carried out by company as per this policy. There were no materially significant related party transactions entered into by the company during the year, which may have potential conflict with the interest of the company at large. There were no pecuniary relationship or transactions entered into by any Independent Director with the company during the year under review.

STATUTORY RESERVE:

During the year under review ₹ 20.67 crore transferred to statutory reserve under Section 45 IC of RBI Act, 1934.

DIVIDEND

The company has paid Interim Dividend on 400 - 9.75% Compulsory Convertible Cumulative Preference Share having face value of ₹ 1,00,000/- aggregating to ₹ 13,14,245/- (Rupees Thirteen Lakh Fourteen Thousand Two Hundred and Forty Five only) during the year.

The Company has also paid an interim dividend of ₹ 1.50/- (One Rupee Fifty Paise only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up aggregating to ₹ 8,19,93,064.5 (Rupees Eight Crore Nineteen Lakh Ninety Three Thousand Sixty Four Rupees and Fifty Paise only).

The Board of Directors of the Company has proposed a Final Dividend of ₹ 2.16/- (Two Rupee Sixteen Paise Only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up aggregating to ₹ 11,80,70,012.88 (Rupees Eleven Crore Eighty Lakh Seventy Thousand Twelve Rupees and Eighty Eight Paise only)

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY:

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.

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

- **Conservation of Energy and Technology Absorption:**
Since the Company is operating in service sector, the provisions of Section 134(3)(m) of the Companies Act, 2013 regarding conservation of energy and Technology Absorption is not applicable.
- **Foreign Exchange earnings and outgo**
The Company has no Foreign Exchange earnings and outgo.

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 Net NPA of the Company is 0.91% of Asset under Management.

The Company has formulated and implemented Risk Management policy. In the opinion of the Board there is no element of Risk which threatens the existence of the Company. The web-link for the same is <https://mas.co.in/policy.html>

CSR POLICY

As a part of CSR initiative, the CSR Committee has decided to identify the eligible students to whom the company can support in pursuing their higher studies. The Committee has already identified 162 bright students from 30 Schools who have completed their 8th Standard and wish to pursue their

higher studies but are financially challenged and cannot afford basic requirements. The Company has and would sponsor their fees, school bags, stationeries, and uniforms for undergoing higher studies. Company is trying to add more and more students to ensure that benefits reaches directly to the needed students and the process is likely to take some more time to enable the Company to spend the entire required amount to be spend for CSR as per the provisions of Companies Act, 2013.

The board has approved a policy for related party transactions which has been hosted on the web Site of the Company. The web-link for the same is <https://mas.co.in/policy.html>

The CSR Report pursuant to Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, is annexed as "**Annexure - E**" to this Report.

FORMAL EVALUATION OF THE PERFORMANCE OF THE BOARD, COMMITTEES OF THE BOARD AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of Section 134(3)(p) the Companies Act, 2013 the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

Criteria adopted for evaluation:

The Board shall evaluate the roles, functions, duties of Independent Directors (ID's) of the Company. Each ID shall be evaluated by all other directors' not by the Director being evaluated. The board shall also review the manner in which ID's follow guidelines of professional conduct.

- (i) Performance review of all the Non-Independent Directors of the company on the basis of the activities undertaken by them, expectation of board and level of participation;
- (ii) Performance review of the Chairman of the company in terms of level of competence of chairman in steering the company;
- (iii) The review and assessment of the flow of information by the company to the board and manner in which the deliberations take place, the manner of placing the agenda and the contents therein;
- (iv) The review of the performance of the directors individually, its own performance as well as evaluation of working of its committees shall be carried out by the board;

- (v) On the basis of performance evaluation, it shall be determined by the Nomination and Remuneration Committee and the Board whether to extend or continue the term of appointment of ID subject to all other applicable compliances.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES COMPANIES:

The Company has only one subsidiary company i.e. Mas Rural Housing and Mortgage Finance Limited. Pursuant to the provision of Section 129(3) of the Companies Act, 2013, the performance and financial position of Subsidiaries, Associates and Joint Venture companies are described in Form AOC-1 which is annexed herewith as "**Annexure - F**". Further the Company does not have any Joint Venture or Associate Company.

PARTICULARS OF EMPLOYEES:

The information required under section on 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are mentioned as per **Annexure - G**.

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.

PUBLIC DEPOSITS

The Company has not accepted deposit from public during the year and there was no deposit outstanding on 31st March 2018.

CAPITAL

During the year the company have raise fund via Initial Public Offering of 1,00,39,277 Equity Shares (comprising of Fresh issue of 50,92,829 Equity Shares and Offer for sale of 49,46,448 Equity Shares) of face value of ₹ 10 each.

The Net worth of the Company as on 31st March 2018 is ₹ 713.92 crore inclusive of ₹ 54.66 crore Equity Share Capital.

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.

MATERIAL ORDER PASSED REGULATORS / COURTS / TRIBUNALS

There was no material order passed by Regulators / Courts / Tribunals during the year under review.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Companies Act, 2013 read with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 re-emphasizes the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively. The Company has devised proper system of internal financial control which is commensurate with size and nature of Business. Even, the Board has appointed M/s. Arijeet Gandhi & Associates, Chartered Accountants as an Internal Auditor of the Company pursuant to provisions of Section 138 of the Companies Act, 2013 in order to ensure proper internal financial control.

INSURANCE:

The assets of your Company have been adequately insured.

AUDITORS:

The term of M/s. Deloitte Haskins & Sells, Statutory Auditors of the Company is expiring at the ensuing Annual General Meeting of the Company and therefore the Company has appointed M/s. B S R & Co. LLP, Chartered Accountants, Ahmedabad as the Statutory Auditors of the Company till the ensuing Annual General Meeting of the Company subject to the approval of the Members of the Company.

The Resolution for their appointment has been mentioned in the Notice of the Annual General Meeting.

The Board placed appreciation of M/s. Deloitte Haskins & Sells for their work during their tenure.

DIRECTORS AND KMP:

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 being eligible offers himself for reappointment.

Subject to the approval of the members in the annual general meeting, the Board of Directors recommends re-appointment of Mr. Kamlesh Gandhi, as director liable to retire by rotation.

During the year under review, the appointment of Mrs. Darshana Pandya, Director & Chief Operating Officer and Mr. Umesh Shah, Independent Director of the Company was regularized at the 22nd Annual General Meeting of the Company held on 21st June 2017.

Further, during the year Mr. Nirav Patel, Company Secretary and Compliance Officer of the Company resigned from his office w.e.f. 26th February 2018 and Ms. Riddhi Bhayani was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 26th February 2018.

REPORTS ON MANAGEMENT DISCUSSION ANALYSIS AND CORPORATE GOVERNANCE:

As required under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, management discussion and analysis and corporate governance report are annexed as "Annexure - H" and "Annexure - I" respectively to this Report.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

To foster a positive workplace environment, free from harassment of any nature, we have institutionalized the Anti-Sexual Harassment Initiative (ASHI) framework, through which we address complaints of sexual harassment at the all workplaces of the Company. Our policy assures discretion and guarantees non-retaliation to complainants. We follow a gender-neutral approach in handling complaints of sexual harassment and we are compliant with the law of the land where we operate.

We have also constituted a Special Complaints Committee to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, there were no incidences of sexual harassment reported. The web-link for the same is <https://mas.co.in/policy.html>

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:

The Audit Committee consists of the following members:

- a) Mr. Bala Bhaskaran (Independent Director) - Chairman
- b) Mr. Chetan Shah (Independent Director)- Member
- c) Mr. Umesh Shah (Independent Director)- Member

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. The board has approved a policy for related party transactions which has been hosted on the website of the Company. The web-link for the same is <https://mas.co.in/policy.html>

DISCLOSURES PURSUANT TO RBI MASTER DIRECTION:

The disclosures pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, is annexed herewith as "Annexure-J"

ACKNOWLEDGEMENT

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

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

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

I trust this journey will continue to be a pleasant one with their support, aware of the fact that we have "Miles to go.... with the confidence that "Together We Can and We Will."

For and on behalf of the Board of Directors of
MAS Financial Services Limited

Mukesh C. Gandhi

Whole time Director & CFO
(DIN: 00187086)

Place : Ahmedabad
Date : 28th May 2018

Kamlesh C. Gandhi

Chairman and
Managing Director
(DIN: 00044852)

Annexure - A

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2018
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 Ground Floor, Narayan Chambers, B/h Patang Hotel, Ashram Road, Ahmedabad-380 009. Ph No. - 079-41106500 |
| 6 | Whether listed company | Yes [Bombay Stock Exchange (BSE) and National Stock Exchange (NSE)] |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Link Intime India Private Limited C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400083 Tel. - +91 022 49186200 |

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 |
|---------|---|---------------------------------|---|
| 1. | 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 77 branches and is catering to more than 3,300 centers with centralized credit and back office system with centralized credit at Central Processing Unit at head office, Ahmedabad. | 64990 | 100 % to total turnover of the Company. |

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---|-----------------------|--------------------------------|--|---------------------------------------|
| 1 | MAS Rural Housing & Mortgage Finance Limited Address: 4th Floor, Narayan Chambers, B/h Patang Hotel, Ashram Road, Ahmedabad-380 009. | U74900GJ2007PLC051383 | Subsidiary | 59.61% (Holding 1,07,50,000 shares in MAS Rural Housing & Mortgage Finance Limited) | Section 2(87) of Companies Act, 2013. |

4. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

I) CATEGORY-WISE SHAREHOLDING^{^^}

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|----------|--------------------|-------------------|---|----------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. PROMOTERS | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 3,86,91,718 | - | 3,86,91,718 | 90.07 | 3,87,65,195 | - | 3,87,65,195 | 70.92 | -19.15 |
| b) Central Govt. Or State Govt. | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | 13,05,257 | - | 13,05,257 | 3.04 | 13,18,757 | - | 13,05,257 | 2.41 | -0.63 |
| d) Bank/FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| SUB TOTAL: (A) (1) | 3,99,96,975 | - | 3,99,96,975 | 93.11 | 4,00,83,952 | - | 4,00,83,952 | 73.33 | -19.78 |
| (2) Foreign | | | | | | | | | |
| 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) | 3,99,96,975 | - | 3,99,96,975 | 93.11 | 4,00,83,952 | - | 4,00,83,952 | 73.33 | -19.78 |
| B. PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | 51,75,314 | - | 51,75,314 | 9.47 | +9.47 |
| b) Banks/FI | - | - | - | - | 19,130 | - | 19,130 | 0.03 | +0.03 |
| c) Central govt | - | - | - | - | - | - | - | - | - |
| d) State Govt. | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Fund | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIS – Foreign Portfolio Investor | - | - | - | - | 23,48,412 | - | 23,48,412 | 4.30 | +4.30 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) - Alternate Investment Funds | - | - | - | - | 4,41,860 | - | 4,41,860 | 0.81 | +0.81 |
| SUB TOTAL (B)(1): | - | - | - | - | 79,84,716 | - | 79,84,716 | 14.61 | +14.61 |
| (2) Non Institutions | | | | | | | | | |
| a) Bodies corporates | | | | | | | | | |
| i) Indian | 29,55,869 | - | 29,55,869 | 6.88 | 4,60,984 | - | 4,60,984 | 0.84 | -6.04 |
| ii) Overseas | 500 | - | 500 | *0.00 | 5,12,289 | - | 5,12,289 | 0.94 | +0.94 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs | 2,838 | - | 2,838 | 0.01 | 12,01,771 | - | 12,01,771 | 2.20 | +2.19 |
| ii) Individuals shareholders holding nominal share capital in excess of ₹ 2 lakhs | - | - | - | - | 1,36,954 | - | 1,36,954 | 0.25 | +0.25 |
| c) Others (specify) | | | | | | | | | |
| - Trusts | - | - | - | - | 40,15,487 | - | 40,15,487 | 7.35 | +7.34 |
| - Hindu Undivided Family, | - | - | - | - | 1,07,031 | - | 1,07,031 | 0.2 | +0.2 |
| - Non Resident Indians (Non Repat), | - | - | - | - | 11,882 | - | 11,882 | 0.02 | +0.02 |
| - Non Resident Indians (Repat), | - | - | - | - | 27,436 | - | 27,436 | 0.05 | +0.05 |
| - Clearing Member. | - | - | - | - | 1,19,541 | - | 1,19,541 | 0.22 | +0.22 |
| SUB TOTAL (B)(2): | 29,59,207 | - | 29,59,207 | 6.89 | 65,93,375 | - | 65,93,375 | 12.07 | +5.17 |
| TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2) | 29,59,207 | - | 29,59,207 | 6.89 | 1,45,78,091 | - | 1,45,78,091 | 26.68 | +19.78 |
| C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS | | | | | | | | | |
| GRAND TOTAL (A+B+C) | 4,29,56,182 | - | 4,29,56,182 | 100 | 5,46,62,043 | - | 5,46,62,043 | 100 | 0 |

* Negligible Shareholding

^{^^}During the year the company have raise fund via Initial Public Offering of 1,00,39,277 Equity Shares (comprising of Fresh issue of 50,92,829 Equity Shares and Offer for sale of 49,46,448 Equity Shares) of face value of ₹ 10 each.

II) SHARE HOLDING OF PROMOTERS^{^^}

| Sr No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|--------------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | NO. of shares | % of total shares of the company | % of shares pledged encumbered to total shares | No. of shares | % of total shares of the company | % of shares pledged encumbered to total shares | |
| 1 | MUKESH C. GANDHI | 1,61,10,450 | 37.50 | None | 1,61,51,664 | 29.55 | None | -7.95 |
| 2 | KAMLESH C. GANDHI | 62,42,818 | 14.53 | None | 62,64,081 | 11.46 | None | -3.07 |
| 3 | SHWETA KAMLESH GANDHI | 1,63,38,450 | 38.04 | None | 1,63,38,450 | 29.89 | None | -8.15 |
| 4 | PRARTHNA MARKETING PRIVATE LIMITED | 13,05,257 | 3.04 | None | 13,05,257 | 2.39 | None | -0.65 |
| 5 | DHVANIL K GANDHI (Promoter group) | - | - | - | 11,000 | 0.02 | None | +0.02 |
| 6 | ANAMAYA CAPITAL LLP (Promoter group) | - | - | - | 13,500 | 0.02 | None | +0.02 |

^{^^} During the year the company have raise fund via Initial Public Offering of 1,00,39,277 Equity Shares (comprising of Fresh issue of 50,92,829 Equity Shares and Offer for sale of 49,46,448 Equity Shares) of face value of ₹ 10 each.

III) CHANGE IN PROMOTERS' SHAREHOLDING ^{^^}

| Sr. No. | | Shareholding at the beginning of the Year | | Cumulative Shareholding during the year | |
|----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the company | No of shares | % of total shares of the company |
| 1 | MUKESH C. GANDHI | | | | |
| | At the beginning of the year | 1,61,10,450 | 37.50 | 1,61,10,450 | 37.50 |
| | **Date wise Increase / Decrease in Shareholding during the year: Increase Date: 28/11/2017, 29/11/2017, 30/11/2017, 01/12/2017, 20/12/2017, 05/02/2018, 06/02/2018, 07/02/2018, 05/03/2018, 06/03/2018, 07/03/2018 and 15/03/2018 | 41,214 | 0.075 | 1,61,51,664 | 29.55 |
| | At the end of the year | 1,61,51,664 | 29.55 | 1,61,51,664 | 29.55 |
| 2 | KAMLESH C. GANDHI | | | | |
| | At the beginning of the year | 62,42,818 | 14.53 | 62,42,818 | 14.53 |
| | **Date wise Increase / Decrease in Shareholding during the year: Increase Date: 20/12/2017, 05/02/2018, 06/02/2018, 07/03/2018 and 23/03/2018. | 21,263 | 0.04 | 62,64,081 | 11.46 |
| | At the end of the year | 62,64,081 | 11.46 | 62,64,081 | 11.46 |
| 3 | SHWETA KAMLESH GANDHI | | | | |
| | At the beginning of the year | 1,63,38,450 | 38.04 | 1,63,38,450 | 38.04 |
| | Date wise Increase / Decrease in Shareholding during the year: No change in no. of shares | | | | No change |
| | At the end of the year | 1,63,38,450 | 29.89 | 1,63,38,450 | 29.89 |
| 4 | PRARTHNA MARKETING PRIVATE LIMITED | | | | |
| | At the beginning of the year | 13,05,257 | 3.04 | 13,05,257 | 3.04 |
| | Date wise Increase / Decrease in Shareholding during the year: No change in no. of shares | | | | No change |
| | At the end of the year | 13,05,257 | 2.39 | 13,05,257 | 2.39 |
| 5 | DHVANIL K GANDHI | | | | |
| | At the beginning of the year | -- | -- | -- | -- |
| | Date wise Increase / Decrease in Shareholding during the year: Increase Date: 29/11/2017, 30/11/2017, 07/02/2018, 05/03/2018, 15/03/2018, 23/03/2018. | 11,000 | 0.02 | 11,000 | 0.02 |
| | At the end of the year | 11,000 | 0.02 | 11,000 | 0.02 |
| 6 | ANAMAYA CAPITAL LLP | | | | |
| | At the beginning of the year | -- | -- | -- | -- |
| | Date wise Increase / Decrease in Shareholding during the year: Increase Date: 23/03/2018 | 13,500 | 0.03 | 13,500 | 0.03 |
| | At the end of the year | 13,500 | 0.03 | 13,500 | 0.03 |

* Negligible Shareholding

**All above changes in share were due to transfer of shares in dematerialized form.

^{^^} During the year the company have raise fund via Initial Public Offering of 1,00,39,277 Equity Shares (comprising of Fresh issue of 50,92,829 Equity Shares and Offer for sale of 49,46,448 Equity Shares) of face value of ₹ 10 each.

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

| Sr. No | For Each of the Top 10 Shareholders** | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No of shares | % of total shares of the company |
| 1 | VISTRA ITCL I LTD BUSINESS EXCELLENCE TRUST III INDIA BUSINESS | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Shareholding during the year: October 27, 2017 Reason: Transfer | 39,90,422 | 7.30 | 39,90,422 | 7.30 |
| | At the end of the year (or on the date of separation, if separated during the year) | 39,90,422 | 7.30 | 39,90,422 | 7.30 |
| 2 | AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS LONG TERM EQUITY FUND | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Shareholding during the year: 27 Oct 2017, 03 Nov 2017, 10 Nov 2017, 17 Nov 2017, 24 Nov 2017, 01 Dec 2017, 08 Dec 2017, 22 Dec 2017, 26 Jan 2018, 02 Feb 2018, 09 Feb 2018, 16 Mar 2018, 31 Mar 2018 Reason: Transfer | 28,53,993 | 5.22 | 28,53,993 | 5.22 |
| | At the end of the year (or on the date of separation, if separated during the year) | 28,53,993 | 5.22 | 28,53,993 | 5.22 |
| 3 | IDFC STERLING EQUITY FUND | 0 | 0.00 | 0 | 0.00 |
| | At the beginning of the year | | | | |
| | Date wise Increase / Decrease in Shareholding during the year: 27 Oct 2017, 03 Nov 2017, 10 Nov 2017, 17 Nov 2017, 24 Nov 2017, 08 Dec 2017, 15 Dec 2017, 05 Jan 2018, 12 Jan 2018, 19 Jan 2018, 26 Jan 2018, 02 Feb 2018, 09 Feb 2018, 16 Feb 2018, 23 Feb 2018, 02 Mar 2018, 09 Mar 2018, 16 Mar 2018, 23 Mar 2018, 31 Mar 2018 Reason: Transfer | 7,40,000 | 1.35 | 7,40,000 | 1.35 |
| | At the end of the year (or on the date of separation, if separated during the year) | 7,40,000 | 1.35 | 7,40,000 | 1.35 |
| 4 | TIMF HOLDINGS | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Shareholding during the year -27 Oct 2017, 03 Nov 2017, 08 Dec 2017, 15 Dec 2017, 22 Dec 2017, 26 Jan 2018, 23 Feb 2018 Reason: Transfer | 6,25,797 | 1.14 | 6,25,797 | 1.14 |
| | At the end of the year (or on the date of separation, if separated during the year) | 6,25,797 | 1.14 | 6,25,797 | 1.14 |
| 5 | SARVA CAPITAL LLC | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Shareholding during the year - 27 Oct 2017, 22 Dec 2017 Reason: Transfer | 5,12,289 | 0.94 | 5,12,289 | 0.94 |
| | At the end of the year (or on the date of separation, if separated during the year) | 5,12,289 | 0.94 | 5,12,289 | 0.94 |
| 6 | DSP BLACKROCK EQUITY & BOND FUND | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Shareholding during the year - 27 Oct 2017, 17 Nov 2017, 24 Nov 2017, 01 Dec 2017 Reason: Transfer | 4,91,935 | 0.90 | 4,91,935 | 0.90 |
| | At the end of the year (or on the date of separation, if separated during the year) | 4,91,935 | 0.90 | 4,91,935 | 0.90 |



| Sr. No | For Each of the Top 10 Shareholders** | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No of shares | % of total shares of the company |
| 7 | WASATCH INTERNATIONAL OPPORTUNITIES FUND | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Shareholding during the year - 27 Oct 2017, 12 Jan 2018 Reason: Transfer | 4,07,302 | 0.74 | 4,07,302 | 0.74 |
| | At the end of the year (or on the date of separation, if separated during the year) | 4,07,302 | 0.74 | 4,07,302 | 0.74 |
| 8 | MOTILAL OSWAL FOCUSED EMERGENCE FUND | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Shareholding during the year - 12 Jan 2018, 19 Jan 2018, 26 Jan 2018, 02 Feb 2018, 31 Mar 2018 Reason: Transfer | 3,77,000 | 0.69 | 3,77,000 | 0.69 |
| | At the end of the year (or on the date of separation, if separated during the year) | 3,77,000 | 0.69 | 3,77,000 | 0.69 |
| 9 | SUNDARAM MUTUAL FUND A/C SUNDARAM RURAL INDIA FUND | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Shareholding during the year - 27 Oct 2017, 17 Nov 2017, 24 Nov 2017, 01 Dec 2017, 15 Dec 2017, 22 Dec 2017, 29 Dec 2017, 16 Feb 2018, 23 Feb 2018, 02 Mar 2018, 09 Mar 2018, 16 Mar 2018, 23 Mar 2018, 31 Mar 2018 Reason: Transfer | 3,42,010 | 0.63 | 3,42,010 | 0.63 |
| | At the end of the year (or on the date of separation, if separated during the year) | 3,42,010 | 0.63 | 3,42,010 | 0.63 |
| 10 | SCHRODER INTERNATIONAL SELECTION FUND INDIAN OPPORTUNITIES | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Shareholding during the year - 27 Oct 2017, 17 Nov 2017, 01 Dec 2017, 08 Dec 2017, 12 Jan 2018, 02 Feb 2018 Reason: Transfer | 2,64,097 | 0.48 | 2,64,097 | 0.48 |
| | At the end of the year (or on the date of separation, if separated during the year) | 2,64,097 | 0.48 | 2,64,097 | 0.48 |

* Negligible Shareholding

**All above changes in share were due to transfer of shares in dematerialized form.

^^ During the year the company have raise fund via Initial Public Offering of 1,00,39,277 Equity Shares (comprising of Fresh issue of 50,92,829 Equity Shares and Offer for sale of 49,46,448 Equity Shares) of face value of ₹ 10 each.

V) SHAREHOLDING OF DIRECTORS & KMP^{^^}

| Sr. No | For Each of the Directors & KMP ^{**} | Shareholding at the beginning of the Year | | Cumulative Shareholding during the year | |
|----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No of shares | % of total shares of the company |
| 1 | KAMLESH C. GANDHI, CHAIRMAN AND MANAGING DIRECTOR | | | | |
| | At the beginning of the year | 62,42,818 | 14.53 | 62,42,818 | 14.53 |
| | Date wise Increase / Decrease in Shareholding during the year: Increase Date: 20/12/2017, 05/02/2018, 06/02/2018, 07/03/2018 and 23/03/2018. | 21,263 | 0.04 | 62,64,081 | 11.46 |
| | At the end of the year | 62,64,081 | 11.46 | 62,64,081 | 11.46 |
| 2 | MUKESH C. GANDHI, WHOLE-TIME DIRECTOR AND CFO | | | | |
| | At the beginning of the year | 1,61,10,450 | 37.50 | 1,61,10,450 | 37.50 |
| | Date wise Increase / Decrease in Shareholding during the year: Increase Date: 28/11/2017, 29/11/2017, 30/11/2017, 01/12/2017, 20/12/2017, 05/02/2018, 06/02/2018, 07/02/2018, 05/03/2018, 06/03/2018, 07/03/2018 and 15/03/2018 | 41,214 | 0.075 | 1,61,51,664 | 29.55 |
| | At the end of the year | 1,61,51,664 | 29.55 | 1,61,51,664 | 29.55 |
| 3 | DARSHANA PANDYA, DIRECTOR & COO | | | | |
| | At the beginning of the year | 948 | *0.00 | 948 | *0.00 |
| | Date wise Increase / Decrease in Shareholding during the year – Increase Date: 03/12/2017, 04/12/2017, 06/12/2017, 12/12/2017 13/12/2017, 05/02/2018, 06/02/2018, 05/03/2018, 23/03/2018, 23/03/2018 | 9,776 | 0.02 | 9,776 | 0.02 |
| | At the end of the year | 10,724 | 0.02 | 10,724 | 0.02 |
| 4 | BALA BHASKARAN, INDEPENDENT DIRECTOR | | | | |
| | At the beginning of the year | 945 | *0.00 | 945 | *0.00 |
| | Date wise Increase / Decrease in Shareholding during the year | | | | No change |
| | At the end of the year | 945 | *0.00 | 945 | *0.00 |
| 5 | CHETAN SHAH, INDEPENDENT DIRECTOR | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Shareholding during the year | | | | No change |
| | At the end of the year | 0 | 0.00 | 0 | 0.00 |
| 6 | UMESH SHAH, INDEPENDENT DIRECTOR | | | | |
| | At the beginning of the year | 0 | 0.00 | 0 | 0.00 |
| | Date wise Increase / Decrease in Shareholding during the year | | | | No change |
| | At the end of the year | 0 | 0.00 | 0 | 0.00 |
| 7 | NIRAV PATEL, COMPANY SECRETARY AND COMPLIANCE OFFICER[^] | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase / Decrease in Shareholding during the year: Increase | 338 | *0.00 | 338 | *0.00 |
| | At the end of the year | 338 | *0.00 | 338 | *0.00 |
| 8 | RIDDHI BHAYANI, COMPANY SECRETARY AND COMPLIANCE OFFICER[#] | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase / Decrease in Shareholding during the year: Increase | 338 | *0.00 | 338 | *0.00 |
| | At the end of the year | 338 | *0.00 | 338 | *0.00 |

* Negligible Shareholding

**All above changes in share were due to transfer of shares in dematerialized form.

[^] Resigned w.e.f. 26th February 2018

[#] Appointed w.e.f. 26th February 2018

^{^^} During the year the company have raise fund via Initial Public Offering of 1,00,39,277 Equity Shares (comprising of Fresh issue of 50,92,829 Equity Shares and Offer for sale of 49,46,448 Equity Shares) of face value of ₹ 10 each.



5. INDEBTEDNESS

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

(Amount in Lakh)

| Indebtedness at the beginning of the financial year | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|-------------|--------------------|
| i) Principal Amount | 1,05,670.91 | 6,000.00 | 0.00 | 1,11,670.91 |
| ii) Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii) Interest accrued but not due | 249.84 | 10.35 | 0.00 | 260.18 |
| Total (i+ii+iii) | 1,05,920.75 | 6,010.35 | 0.00 | 1,11,931.09 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 35,105.50 | 0.00 | | 35,105.50 |
| Reduction | 18,052.75 | 0.00 | | 18,052.75 |
| Net Change | 17,052.75 | 0.00 | 0.00 | 17,052.75 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 1,22,723.66 | 6,000.00 | 0.00 | 1,28,723.66 |
| ii) Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| iii) Interest accrued but not due | 463.09 | 10.36 | 0.00 | 473.45 |
| Total (i+ii+iii) | 1,23,186.75 | 6,010.36 | 0.00 | 1,29,197.11 |

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sr No. | Particulars of Remuneration | Name of the MD/WTD/Manager | | | Total Amount (Amount in Lakh) |
|--------|--|----------------------------|---------------------------|----------------------------------|----------------------------------|
| | | KAMLESH GANDHI (CMD) | MUKESH GANDHI (WTD & CFO) | DARSHANA PANDYA (Director & COO) | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. | - | - | - | - |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | 555.96 | 555.64 | 23.69 | 1,135.29 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - | - |
| 2 | Stock option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | | | | |
| | - as % of profit | - | - | - | - |
| | - others (specify) | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total A | 555.96 | 555.64 | 23.69 | 1,135.29 |
| | Ceiling as per the Act | - | - | - | 1,694.07 |

B. Remuneration to other directors:

(Amount in Rupees)

| Sr. No. | Particulars of Remuneration | Name of the Directors | | | Total Amount |
|------------------------------|--|-----------------------|-----------------|-----------------|-----------------|
| | | Bala Bhaskaran | Chetan Shah | Umesh Shah | |
| Independent Directors | | | | | |
| 1 | (a) Fee for attending board committee meetings | 2,00,000 | 2,40,000 | 2,05,000 | 6,45,000 |
| | (b) Commission | - | - | - | - |
| | (c) Others, please specify. | - | - | - | - |
| | Total (1) | 2,00,000 | 2,40,000 | 2,05,000 | 6,45,000 |
| 2 | Other Non Executive Directors | - | - | - | - |
| | (a) Fee for attending board committee meetings | - | - | - | - |
| | (b) Commission | - | - | - | - |
| | (c) Others, please specify. | - | - | - | - |
| | Total (2) | - | - | - | - |
| | Total (B)=(1+2) | 2,00,000 | 2,40,000 | 2,05,000 | 6,45,000 |
| | Total Managerial Remuneration | 2,00,000 | 2,40,000 | 2,05,000 | 6,45,000 |

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

(Amount in Rupees)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|---------|---|--------------------------|--|---------------|-----------------|
| | | Chief Financial Officer | Company Secretary# Nirav Patel Riddhi Bhayani | | |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | | | | |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | Nil | 5,91,867 | 32,292 | 6,24,159 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | | | | |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | | | | |
| | - as % of profit | - | - | - | - |
| | - others (specify) | - | - | - | - |
| 5 | Others, (Bonus, Gratuity & PF) | - | 32,678 | 31,000 | 63,678 |
| | Total | Nil | 6,24,545 | 63,292 | 6,87,837 |

Mr. Nirav Patel resigned with effect from 26th February 2018 and Ms. Riddhi Bhayani was appointed with effect from 26th February 2018, thus salary includes payment made respectively.

7. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES : NONE

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

For and on behalf of the Board of Directors of
HAS Financial Services Limited

Mukesh C. Gandhi
Whole time Director & CFO
(DIN: 00187086)

Kamlesh C. Gandhi
Chairman and Managing Director
(DIN: 00044852)

Place : Ahmedabad
Date : 28th May 2018

Annexure - B

REMUNERATION POLICY

In accordance with the provisions of Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Committee recommended the following remuneration policy relating to the remuneration being paid to Directors, Key Managerial Personnel and other employees, which was approved and adopted by the Board.

- **REMUNERATION TO EXECUTIVE DIRECTORS; KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT & OTHER EMPLOYEES:**

The payment of managerial remuneration to Executive Directors will be recommended by Nomination and Remuneration Committee which will be confirmed by Board of Directors and/or shareholders as per applicable provision of Companies Act, 2013. Further remuneration of Key Managerial Personnel and Senior Management & Other Employees (one level below executive directors) shall be decided/recommended by the management/ Executive Directors based on company's HR Policy.

Further following points needs to be considered while making payment of remuneration to Executive Directors; Key Managerial Personnel and Senior Management:

- The Remuneration and terms of employments shall be fixed/ recommended in such a manner that the structure is clear and meets appropriate performance benchmarks.
- The Remuneration involve a good balance between fixed and incentive pay reflecting short and long term performance objective appropriate to the working of the Company and its goals.
- The remuneration will be in correlation of companies HR Policy.
- No directors or Key Managerial Personnel should be directly involved in determining their own remuneration or their performance evaluation.

- **REMUNERATION TO NON-EXECUTIVE DIRECTORS:**

Apart from sitting fees, company is not paying any amount to Non-Executive Directors.

- **CRITERIA FOR IDENTIFICATION OF PERSONS FOR APPOINTMENT AS DIRECTORS AND IN SENIOR MANAGEMENT:**

Pursuant to provisions of section 178(3) of the Act read with Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 the Nomination and Remuneration Committee is required to formulate the criteria for determining qualification, positive attributes and independence of a Director and senior management. The criteria adopted by the Nomination and Remuneration Committee for the aforesaid purpose is as under:

Qualification:

- He/ she should be qualified as prescribed under Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and should possess appropriate skills, experience and knowledge.

Criteria for appointing a Director:

- He should be knowledgeable and diligent in updating his knowledge and should have qualification, skills, experience and expertise by which the Company can benefit and should be person of integrity, with high ethical standards.
- Independent Director, in addition to above should fulfill the criteria for being appointed as an Independent Director prescribed under section 149 of the Companies Act, 2013 read with Schedule IV to the said Act and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.
- In addition to above Executive Directors should possess quality like leadership, vision, ability to steer the organization even in adverse condition, innovative thinking and team mentoring.

Criteria for appointing a Senior Management Employee/ Key Managerial Personal:

- He should possess required educational qualification from recognized institution.
- He should have integrity, hardworking, positive thinking and other skills as required for suitable position.
- Detailed background information will be cross checked from reliable sources.
- Criteria under Companies' HR Policy will be followed.

Annexure - C

FORM NO. MR- 3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
AAS Financial Services Limited

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

Based on our verification of the 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, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on 31st March 2018 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 and verified the provisions of the following acts and regulations and also their applicability as far as the Company is concerned during the period under audit:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent of their applicability to the Company;

- 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;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (i) Reserve bank of India Act, 1934

We have also examined compliance with applicable clauses of the following

1. Secretarial Standards issued by the Institute of Company Secretaries of India.
2. Provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

- i) The Board of Directors of the Company is duly constituted with proper balance of Executive Director, 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.
- ii) 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.
- iii) All decisions at Board Meetings & Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the Committees of the Board, as the case may be.

We 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.

We further report that during the audit period there are no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Place: Ahmedabad
Date: 9th May 2018

For, Ravi Kapoor & Associates

Ravi Kapoor

Company Secretary in practice
FCS No. 2587
C P No.: 2407

This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

ANNEXURE-A

To,
The Members
H A S Financial Services Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad
Date: 9th May 2018

For, Ravi Kapoor & Associates

Ravi Kapoor

Company Secretary in practice
FCS No. 2587
C P No.: 2407

Annexure - D

FORM NO. AOC - 2

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

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

Details of Contracts or Arrangements or Transactions at Arm's length basis for the year ended on 31st March 2018.

| Sr. No. | Name(s) of the related party & nature of relationship | Nature of contracts/ arrangements/ transaction | Duration of the contracts/ arrangements/ transaction | Salient terms of the contracts or arrangements or transaction including the value, if any | Justification for entering into such contracts or arrangements or transactions. | Date of approval by the Board | Amount paid as advances, if any | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 |
|---------|---|---|--|--|---|-------------------------------|--------------------------------------|---|
| 1. | MAS Rural Housing & Mortgage finance Limited | Rendering of Services (Agreement for Amenities) | One year | MFSL agrees to provide MRHMFL within the premises the amenities, services, facilities-Usage of commercial premises of MFSL, furnitures & fixtures including computers, telephone lines, networks, use of water and water supply, and other necessary amenities for carrying on business activities smoothly. | MRHMFL is in requirement of the premises, assets and infrastructure which is available with MFSL. So, to fully utilise the premises, MRHMFL has requested MFSL to provide several amenities, services, facilities-Usage of commercial premises for carrying on business smoothly. | 24.08.2017 | No such amount was paid as advances. | N.A. |
| 2. | MAS Rural Housing & Mortgage finance Limited | Recovery Agreement | Two year | MFSL agrees to collect outstanding instalments and other dues from its customers and agrees to provide the said service under the terms and conditions as set forth in Agreement with MRHMFL. | MRHMFL being a subsidiary company carrying out business of Housing Finance is in requirement of recovery services for collecting there outstanding dues . | 08.03.2017 | No such amount was paid as advances. | N.A. |
| 3. | M Power Microfinance Private Limited | Rendering of Services | 24 months | MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 1,25,00,006.00 as on 31 st March 2018. | M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 4. | M Power Microfinance Private Limited | Rendering of Services | 24 months | MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 6,24,99,997.00 as on 31 st March 2018. | M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 5. | M Power Microfinance Private Limited | Rendering of Services | 24 months | MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 3,54,16,669.00 as on 31 st March 2018. | M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 6. | M Power Microfinance Private Limited | Rendering of Services | 24 months | MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 5,62,50,000.00 as on 31 st March 2018. | M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |



| Sr. No. | Name(s) of the related party & nature of relationship | Nature of contracts/ arrangements/ transaction | Duration of the contracts/ arrangements/ transaction | Salient terms of the contracts or arrangements or transaction including the value, if any | Justification for entering into such contracts or arrangements or transactions. | Date of approval by the Board | Amount paid as advances, if any | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 |
|---------|---|--|--|--|---|-------------------------------|---------------------------------|---|
| 7. | M Power Microfinance Private Limited | Rendering of Services | 24 months | MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 8,75,00,002.00 as on 31 st March 2018. | M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 8. | M Power Microfinance Private Limited | Rendering of Services | 24 months | MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 10,00,00,000.00 as on 31 st March 2018. | M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 9. | M Power Microfinance Private Limited | Rendering of Services | 24 months | MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 7,50,00,000.00 as on 31 st March 2018. | M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 10. | M Power Microfinance Private Limited | Rendering of Services | 73 months | MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 5,00,00,000.00 as on 31 st March 2018. | M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 11. | Paras Capfin Company Private Limited | Rendering of Services | 12 months | MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March 2018 is ₹ 49,99,997.00 | Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 12. | Paras Capfin Company Private Limited | Rendering of Services | 12 months | MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March 2018 is ₹ 25,00,003.00 | Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 13. | Paras Capfin Company Private Limited | Rendering of Services | 36 months | MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March 2018 is ₹ 1,72,22,220.00 | Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 14. | Paras Capfin Company Private Limited | Rendering of Services | 36 months | MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March 2018 is ₹ 91,66,666.00 | Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |

| Sr. No. | Name(s) of the related party & nature of relationship | Nature of contracts/arrangements/transaction | Duration of the contracts/arrangements/transaction | Salient terms of the contracts or arrangements or transaction including the value, if any | Justification for entering into such contracts or arrangements or transactions. | Date of approval by the Board | Amount paid as advances, if any | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 |
|---------|---|--|--|---|---|-------------------------------|---------------------------------|---|
| 15. | Paras Capfin Company Private Limited | Rendering of Services | 24 months | MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March 2018 is ₹ 1,75,00,001.00 | Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 16. | Paras Capfin Company Private Limited | Rendering of Services | 24 months | MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March 2018 is ₹ 91,66,666.00 | Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 17. | Paras Capfin Company Private Limited | Rendering of Services | 24 months | MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March 2018 is ₹ 2,00,00,000.00 | Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 18. | Paras Capfin Company Private Limited | Rendering of Services | 24 months | MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March 2018 is ₹ 1,00,00,000.00 | Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |
| 19. | Paras Capfin Company Private Limited | Rendering of Services | 24 months | MFSL agrees to grant term loans to M/s Paras Capfin Company Private Limited and the outstanding balance as on 31 st March 2018 is ₹ 2,00,00,000.00 | Paras Capfin Company Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business. | N.A. | Nil | N.A. |

Details of Contracts or Arrangements or Transactions not at Arm's length basis.

| Sr 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 |

Annexure - E

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

[Pursuant to clause (o) of Sub-Section 3 of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

CSR policy of the Company encompasses the Company's philosophy for aligning its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.

2. The Composition of CSR Committee:

The Company's CSR Committee consists of two Executive Directors and the independent of the Company, and is chaired by a Whole Time Director. The composition of the Committee is set out below:

Mr. Mukesh Gandhi- Whole time Director – Chairman

Mrs. Darshana Pandya, Director & COO - Member

Prof. BalaBhaskaran, Independent Director - Member

3. Average net profit of the Company for last three financial years: ₹ 80,96,22,932

4. Prescribed CSR Expenditure (two percent of amount stated in item 3 above): ₹ 1,61,92,458

5. Details of CSR spent during Financial year:

(a) Total amount to be spent for Financial Year: ₹ 1,61,92,458

(b) Amount unspent, if any: ₹ 1,54,30,768.64

(c) Manner in which amount spent during the financial year is detailed below:

| Sr. No | CSR project or activity identified | Sector in which the project is covered (As per Schedule VII of Companies Act, 2013) | Projects or programs 1) Local area or other 2) Specify the states and district where the project was undertaken | Amount outlay (budget) – project or program wise (Amount in ₹) | Amount spent on the projects or programs Sub heads: (1) Direct expenditure on project or program (2) overhead (Amount in ₹) | Cumulative expenditure upto the reporting period (Amount in ₹) | Amount spent – Direct or through implementing agency |
|--------|--|--|---|--|---|--|--|
| 1 | The Company has sponsored fees, school bags, stationeries, and uniforms for eligible students undergoing higher studies. | Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects. | 1) Local area Gujarat | 10,00,000 | 7,61,690 | 7,61,690 | Direct |

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

Your Company has taken initiatives to promote education by sponsoring fees, school bags, stationeries, and uniforms for eligible students undergoing higher studies and Company is trying to add more and more students and enlarge it's area of operations to ensure that benefits are wide spread and reaches directly to the needed students and has already sponsored 162 students. Since the process involves lot of pre-checks it is likely to take some more time to enable the Company to increase the spending and spend the entire required for CSR as per the provisions of Companies Act, 2013.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with CSR objectives and the CSR Policy of the Company.

Date: 28th May 2018
Place: Ahmedabad

Mr. Mukesh Gandhi
Chairman
DIN: 00187086

Mrs. Darshana Pandya
Member
DIN: 07610402

Annexure - F

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries /associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

| Sr. No. | Particulars | Details |
|---------|---|--|
| 1. | Name of the subsidiary | MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Financial Year 2017-2018 (01.04.2017 to 31.03.2018) |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Not Applicable |
| 4. | Share capital | Authorised: ₹ 30,00,00,000 Paid up : ₹ 22,03,49,200 |
| 5. | Reserves & surplus | ₹ 9,97,46,508 |
| 6. | Total assets | ₹ 2,16,44,43,832 |
| 7. | Total Liabilities | ₹ 1,84,43,48,127 |
| 8. | Investments | Nil |
| 9. | Turnover | ₹ 26,83,16,089 |
| 10. | Profit before taxation | ₹ 3,42,99,618 |
| 11. | Provision for taxation | ₹ 93,12,875 |
| 12. | Profit after taxation | ₹ 2,49,86,743 |
| 13. | Proposed Dividend | ₹ 4,32,838 |
| 14. | % of shareholding | 59.61% |

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations – NIL
- Names of subsidiaries which have been liquidated or sold during the year – NIL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| | |
|--|------|
| Name of associates/Joint Ventures | N.A. |
| Latest audited Balance Sheet Date | |
| Shares of Associate/Joint Ventures held by the company on the year end | N.A. |
| No. | |
| Amount of Investment in Associates/Joint Venture | |
| Extend of Holding% | |
| Description of how there is significant influence | N.A. |
| Reason why the associate/joint venture is not consolidated | N.A. |
| Net worth attributable to shareholding as per latest audited Balance Sheet | N.A. |
| Profit/Loss for the year | N.A. |
| a) Considered in Consolidation | |
| b) Not Considered in Consolidation | |

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

For and on behalf of the Board of Directors of
 **FINANCIAL SERVICES LIMITED**

Date: 28th May, 2018
 Place: Ahmedabad

Riddhi Bhayani
 Company Secretary
 Membership No.: A41206

Mukesh C. Gandhi
 Whole time Director & CFO
 (DIN: 00187086)

Kamlesh C. Gandhi
 Chairman and Managing Director
 (DIN: 00044852)

Annexure - G

Particulars of Employees (pursuant to Section 197(12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended)

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rules made there under:

A. Company does not have any employees who is drawing remuneration in excess of limit prescribed under section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

B. Information as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

1) The ratio of remuneration of each director to the median remuneration of employees for the financial year:

| Sr. No. | Name | Designation | Nature of Payment | Ratio against median employee's remuneration |
|---------|----------------------|---|-------------------|--|
| 1. | Mr. Kamlesh Gandhi | Chairman and Managing Director | Remuneration | 173.37 : 1 |
| 2. | Mr. Mukesh Gandhi | Whole-time Director and Chief Financial Officer | Remuneration | 173.27 : 1 |
| 3. | Mrs. Darshana Pandya | Director and Chief Operating Officer | Remuneration | 7.39 : 1 |
| 4. | Mr. Bala Bhaskaran | Independent Director | Sitting Fees | 00.62 : 1 |
| 5. | Mr. Chetan Shah | Independent Director | Sitting Fees | 00.75 : 1 |
| 6. | Mr. Umesh Shah | Independent Director | Sitting Fees | 00.64 : 1 |

2) The Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

| Sr. No. | Name | Designation | Nature of Payment | Percentage Increase over previous year |
|---------|----------------------|---|-------------------|--|
| 1. | Mr. Kamlesh Gandhi | Chairman and Managing Director | Remuneration | 33.85% |
| 2. | Mr. Mukesh Gandhi | Whole-time Director and Chief Financial Officer | Remuneration | 33.99% |
| 3. | Mrs. Darshana Pandya | Director and Chief Operating Officer | Remuneration | 42.35% |
| 4. | Mr. Bala Bhaskaran | Independent Director | Sitting Fees | 60.00% |
| 5. | Mr. Chetan Shah | Independent Director | Sitting Fees | 65.52% |
| 6. | Mr. Umesh Shah | Independent Director | Sitting Fees | 241.67% |
| 7. | Mr. Nirav Patel* | Company Secretary and Compliance Officer | Remuneration | 54.48% |
| 8. | Ms. Riddhi Bhayani** | Company Secretary and Compliance Officer | Remuneration | 30.29% |

*Resigned w.e.f. 26th February 2018.

** Appointed w.e.f. 26th February 2018.

Note: the percentage increase over previous year is given only if there is an increase in the payment and the person acted in the same capacity for the year ended on 31st March 2018 and 31st March 2017.

3) **The percentage increase in the median remuneration of employees in the financial year:** The median remuneration of employees was increased by 6.08% over a previous year.

4) **The number of permanent employees on the rolls of the Company:** 1,046 Employees

5) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:** The Average salaries of the employees of the Company were increased by 11.29% while the Managerial remuneration increased by 33.92% in the current year. Annual increments, if any, are decided by the Nomination and Remuneration Committee within the salary scale approved by the members and are effective from April 1, of each year.

The Board of Directors of the Company affirmed that remuneration of all the Key Managerial Personnel of the Company are as per the Remuneration Policy of the Company

FOR,  **FINANCIAL SERVICES LIMITED**

Mukesh C. Gandhi
Whole time Director & CFO
(DIN: 00187086)

Kamlesh C. Gandhi
Chairman and Managing Director
(DIN: 00044852)

Date: 28th May 2018
Place: Ahmedabad

Annexure - H

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

The Indian economy posted a growth of 6.6% in FY2017-18 compared to 7.1% in FY2016-17, as the first round of effects of demonetisation and the implementation of GST played out. However, a host of other policies, implemented during and before FY 2017-18 – such as the Insolvency and Bankruptcy Code, reforms in the real estate sector in the form of RERA, allowing of FDI in various industries, fast-tracking of project clearances, various measures for financial inclusion, etc. - are expected to propel growth upwards, going forward. While the IMF projects that India's GDP will increase at 7.4% in FY2019 and 7.8% in FY2020, the World Bank expects growth to reach 7.3% in FY2019 and rise further to 7.5% in FY2020.

INDUSTRY OVERVIEW

MSME Sector

The MSME sector, which currently comprises over 50 million businesses, has grown dynamically. Today, the sector accounts for around 40% of the country's exports and has been creating millions of jobs, annually. With immense potential for growth in the coming years, access to financial capital and timely credit remains one of the primary constraints for the sector. While the government has implemented numerous measures in general and through the Union Budget 2018 to augment the availability of funds to the sector, credit from NBFCs, on flexible and tailored terms, has begun to increase.

Housing Finance

In India, the housing finance industry comprises both banks and Non-Banking Finance Companies (NBFC). These organisations provide loans for a variety of purposes, including the purchase of ready or under-construction housing units, home renovation/extension, self-construction, purchase of plots and composite loans for the purchase of plot and self-construction, etc.

The business activity and, therefore, share of housing finance companies (HFCs) in the NBFC sector has been increasing gradually over the years due to their focus on home loans, access to low cost funds from Indian and International non-bank sources and investors, strong origination skills, good consumer service and use of data and technology at various levels from lead generation and loan origination till recovery.

The size of the housing loans market has also been increasing, especially in the affordable housing segment, due to the country's demographic profile, growing income levels and on the back of various initiatives by the government to promote housing for all by 2022.

Automobiles

As per data, released by the Society of Indian Automobile Manufacturers (SIAM), the automobile industry produced

a total 2,90,75,605 vehicles, including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadricycle in April-March 2018, against 2,53,30,967 in April-March 2017, registering a growth of 14.78% over the corresponding period of the previous year. The combination of higher economic growth coupled with two successive favourable monsoons, which will boost farm income, are the leading factors that are expected to drive growth in the automobile sector, in the near future.

According to ICRA, while the two-wheeler industry grew by a moderate 6.9% in FY2017, the performance began to pick up with a growth of 9.2% in the first four months of FY2018 over the corresponding period of the previous year. The rating agency attributed this revival in the domestic two wheeler industry to healthy wholesale demand, post regulatory changes and tax reforms. ICRA expects domestic volumes to grow by 8-10% during FY2018 on the back of improved rural and urban sentiments. The market for relatively short term loans for two-wheelers is also expected to grow concomitantly.

BUSINESS PERFORMANCE

MAS has been a part of the financial services sector since 1995. It is registered with the Reserve Bank of India as an NBFC. With a plethora of retail finance options in its arsenal, MAS is focused on fulfilling the requirements of lower income and middle-income groups of the society. The Company offers a range of financial services for micro enterprise loans, SME loans, home loans, two-wheeler loans, used car loans and commercial vehicle loans. The Company's focus remains on the vast lower income and middle income groups of society spread across urban, semi urban and rural areas, in the formal and informal financial sectors. The Company has been serving these segments of the population for over two decades.

Distribution Network

With the aim of acquiring a significant market share in financial services distribution, MAS undertakes assessment of creditability, in the absence of proper and systematic credit documents, from various perspectives, including credit worthiness through other channels. It also leverages its distribution network of partner NBFC-MFIs/NBFCs/HFCs/franchisees, thus extending financial services to the under-penetrated regions and the Bottom of the Pyramid (BOP) segment.

In its quest to provide the most efficient last mile delivery of credit, right at the doorstep of the masses, MAS has opened several branches. It has a network of 77 branches in major cities of Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu and Karnataka, which cater to over 3,300 centres.

Partnerships with Regional NBFCs and NBFC- MFIs

Over the years, MAS has met with great success while partnering with many NBFCs and NBFC-MFIs for the distribution of its products by providing them with lines of credit to create the portfolio within the MAS target segment. This model rests on the philosophy that regional players are best placed to undertake the last mile of credit delivery. In addition to funding, MAS provides its partners with domain knowledge, which the company has amassed over the past two decades of operations.

MSME Loans

The company has Assets under Management under MSME Loans of ₹ 3,605.79 Crore as on 31st March 2018 compared to ₹ 2,748.70 Crore as on 31st March 2017 registering growth of 31.18%.

Housing Loans

Through its subsidiary - MAS Rural Housing & Mortgage Finance Ltd. – MFSL serves the middle and lower income segments of the economy, especially in the semi-urban and rural areas. The company has Assets under Management under of ₹ 203.95 Crore as on 31st March 2018 compared to ₹ 176.43 Crore as on 31st March 2017 registering growth of 15.60%.

Commercial Vehicle and Two-wheeler Loans

The company has Assets under Management under Commercial Vehicle and Two Wheeler Loans of ₹ 508.66 Crore as on 31st March 2018 compared to ₹ 407.45 Crore as on 31st March 2017 registering growth of 24.84%.

FINANCIAL PERFORMANCE

(₹ in Lakhs)

| Particulars | Standalone | | Consolidated | |
|--|--|--|--|--|
| | Year Ended on 31 st March 2018 | Year Ended on 31 st March 2017 | Year Ended on 31 st March 2018 | Year Ended on 31 st March 2017 |
| Revenue from Operations | 42,618.94 | 34,063.15 | 45,302.10 | 36,374.62 |
| Other Income | 168.31 | 88.56 | 194.15 | 95.57 |
| Total Income | 42,787.25 | 34,151.71 | 45,496.25 | 36,470.19 |
| Total Expenditure | 26,981.89 | 23,844.55 | 29,353.29 | 25,871.29 |
| Profit Before Tax | 15,805.36 | 10,307.16 | 16,142.96 | 10,598.90 |
| Provision for Taxation (Including Current tax, Deferred Tax & Income Tax of earlier Years) | 5,467.94 | 3,569.93 | 5,561.07 | 3,666.98 |
| Net Profit | 10,337.42 | 6,737.23 | - | - |
| Net Profit after profit attributable to minority shareholders | - | - | 10,480.97 | 6,853.28 |
| Profit Brought Forward | 8,166.76 | 5,776.84 | 8,455.75 | 5,988.62 |
| Profit Available for Appropriation | 18,504.18 | 11,377.69 | 18,914.53 | 11,705.52 |
| APPROPRIATIONS: | | | | |
| Transfer to Statutory Reserve | 2,067.48 | 1,347.45 | 2,114.15 | 1,386.31 |
| Interim Dividend on Equity Shares | 819.93 | 1,250.01 | 819.93 | 1,250.01 |
| Interim Dividend on Preference Shares | 13.14 | 299.57 | 13.14 | 299.56 |
| Dividend on Preference Shares | 28.95 | - | 28.95 | - |
| Dividend distribution tax on Preference Shares | 8.57 | 59.38 | 8.57 | 59.38 |
| Dividend distribution tax on Equity Shares | 166.95 | 254.52 | 168.00 | 254.51 |
| Surplus Balance carried to Balance Sheet | 15,399.16 | 8,166.76 | 15,761.79 | 8,455.75 |

OUTLOOK

The mission to promote financial inclusion in India is gaining momentum in government as well as private circles. Where the government is concerned, it is addressing various regulatory issues that have been constraints to transparency and better access until now. It has also been ensuring easier recourse to institutional credit and reducing the cost of lending to BOP borrowers. Private companies have been surmounting troublesome issues of the past – measurement of creditworthiness and reach - with the

help of technological solutions. And last, but not the least, riding on better growth and rising incomes, the demand for funds for various purposes has improved. All these factors point to a bright future for financiers, especially those that cater to the large unserved or under-served segments of the economy, over the long term.

LIABILITY MANAGEMENT

With its robust performance in the past as well as internal systems and processes, the Company has built a track

record of reliability and rectitude. This has enabled MAS to nurture strong bonds with a clutch of leading banks and various financial institutions.

The proceeds from the IPO last year have resulted in a stronger balance sheet, which will enable the Company to further leverage its position to deliver benefits for its clients and gains for its stakeholders.

CAPITAL MANAGEMENT

While adhering to the guidelines laid down by the RBI from time to time, the Company works towards maximising the returns on capital employed through an efficient capital management strategy.

RISK MANAGEMENT

As in the case of any lending entity, the entire proposition of the Company – providing finance to various segments of the economy is on the fundamentals of managing the risk rather than avoiding it. With tried and tested credit models and robust operational systems in place, the Company successfully manages these risks.

Towards de-risking the entire process of receivables management, the Company begins with inculcating the culture of credit buyers among its ranks and file rather than just a marketing strategy to promote various products. These debtors are under the Company's surveillance and regular follow-ups for collection are executed.

The net NPAs of the Company stood at 0.91% of the AUM as at the end of FY 2017-18

The company extends loan for an average tenure of 27 months. The company lends at a fixed a rate of interest and borrows at a floating rate which may create pressure on NIM in the case of high volatility in the interest rate. However the same is mitigated due to sufficient spreads, relatively short tenure of loan and resetting of the lending rates from time to time.

The company has a very diversified portfolio of borrowers within its segments of operation. The diversified segment and the diversity within the segment accompanied by a very huge market size, serve as a very potent cover against the market risk due to various macro developments. However the company has to constantly be on vigil to understand the changes at the market place from time to time.

OPPORTUNITIES & THREATS

Over the years the consistent and the quality growth of the company can be attributed to the huge market size within the targeted segments of operations namely MSME and serving the hinterlands through various other offerings namely two wheeler, commercial vehicle, and the newly introduced segment of used car. This huge market size undoubtedly presents a huge opportunity too. Over the years MAS has understood and hence anchors to the belief that every opportunity is as good as its execution. The most significant threat for any lending activity is to constantly exhibit operational excellence and contain the

loss given defaults within the acceptable limits. The Company believes that this task is to be worked upon continuously through a very sharp learning and unlearning in order to achieve operational excellence.

INTERNAL CONTROL, SYSTEMS AND THEIR ADEQUACY

The primary focus of internal control and systems at MAS is to improve on operational efficiencies and create quality portfolio.

In the business of lending internal risk usually exceeds the external risk for the very reason that, personnel of a company has the potentiality to influence larger number of loans as compared to a single borrower. The internal control at MAS is a constantly evolving process. There are adequate controls right from tracking the originators activities, quality of logins followed by a stringent credit checks and appraisal, which are evaluated on the basis of the quality of the portfolio. A 360 degree view of the credit assessment comprises of framing credit screens based on a reliable demographic data followed by the strict adherence of the same with an element of adaptability without compromising on the fundamentals of extending credit where it is due. The internal audit department comprises of the competent internal and the external team to highlight the gaps whereas the risk and monitoring department is expected to exercise constant vigil on the various trends of the portfolio behaviour and also the macro developments from time to time. The other significant internal control at MAS comprises of strict vigil on the operational expenditure with a constant endeavour to bring it down through better efficiencies rather than just focusing on curtailing the expenditure. The execution plan pertaining to the internal controls and its adequacy is driven by our understanding of constantly challenging ourselves.

HUMAN RESOURCES

Acknowledging that human resources play a crucial role in enabling it to meet its objectives, the Company chooses its people very carefully, ensuring that they conform to the company's culture and follow its values and belief system. Setting the benchmark high, with its good governance the promoters are hands-on involved in the management of the Company with strategic inputs from a well-diversified and competent board.

The core management team at MAS, which comprises a competent group of experienced and dedicated personnel, is well-equipped to craft and execute strategies that drive the company forward. A large part of this team has been with the Company since its inception, constantly extending its unstinted efforts as they align their personal objectives with those of the company.

MAS is constantly looking at strengthening its human resources at every level and ensures that its standards percolate to the grass root level.

As on 31st March 2018, MAS had total team strength of 1,564.

Annexure - I

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company believes that effective Corporate Governance is not just the framework enforced by the regulation but it is supported through the principles of transparency, unity, integrity, spirit and responsibility towards the stakeholders, shareholders, employees and customers. Good Corporate Governance requires competence and capability levels to meet the expectations in managing the business and its resources and helps to achieve goals and objectives of the organization. Good Corporate Governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the Company and its shareholders and should facilitate effective monitoring. The Company acutely and consistently reviews its systems, policies and internal controls with an objective to establish sound risk management system and impeccable internal control system.

BOARD OF DIRECTORS:

At the helm of the Company's Corporate Governance practice is its Board. The Board provides strategic guidance and independent views to the Company's senior management while discharging its fiduciary responsibilities. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfills stakeholder's aspirations and societal expectations.

CONSTITUTION OF BOARD:

The Board of the Company comprises six Directors out of which two (2) are Promoter Executive Directors, one (1) is women Executive Director and three (3) are non-promoter Independent Directors as on 31st March 2018. As on the date of this report, the Board comprises following Directors;

| Name of Director | Category Cum Designation | Date of Appointment | Total Directorship~ | No. of Committee Membership/ chairman in other Domestic company | | No. of Equity Shares held as on 31 st March 2018 |
|------------------------------|---|---------------------|---------------------|---|---------|---|
| | | | | Chairman | Members | |
| Mr. Kamlesh Chimanlal Gandhi | Chairman & Managing Director (Promoter) | 25/05/1995 | 4 | - | - | 62,64,081 |
| Mr. Mukesh Chimanlal Gandhi | Whole-time Director & CFO (Promoter) | 25/05/1995 | 5 | - | 1 | 1,61,51,664 |
| Mrs. Darshana Saumil Pandya | Director & COO | 23/09/2016 | 2 | - | - | 10,724 |
| Mr. Balabhaskaran | Independent Director | 25/05/1995 | 4 | 2 | - | 945 |
| Mr. Chetan Ramniklal Shah | Independent Director | 06/06/2008 | 2 | - | 2 | Nil |
| Mr. Umesh Rajanikant Shah | Independent Director | 21/12/2016 | 1 | - | - | Nil |

^Committee includes Audit Committee, Nomination & Remuneration Committee and Shareholders' Grievances Committee across all Public Companies.

None of the above Directors bear inter-se relation with other Director except, Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi are brothers.

The composition of Board complies with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

None of the Directors of Board is a member of more than ten Committees or Chairman of more than five committees across all the Public companies in which they are Director. The necessary disclosures regarding Committee positions have been made by all the Directors.

BOARD MEETING:

Regular meetings of the Board are held at least once in a quarter, inter-alia, to review the quarterly results of the Company. Additional Board meetings are convened, as and when required, to discuss and decide on various business policies, strategies and other businesses. The Board meetings are held at registered office of the Company.

During the year under review, Board of Directors of the Company met 14 times, viz 17th May 2017, 21st June 2017, 7th July 2017, 29th July 2017, 24th August 2017, 12th September 2017, 13th September 2017, 21st September 2017, 25th September 2017, 11th October 2017, 8th November 2017, 6th December 2017, 24th January 2018 and 26th February 2018.

The details of attendance of each Director at the Board Meeting and Annual General Meeting are given below;

| Name of Director | Mr. Kamlesh Gandhi | Mr. Mukesh Gandhi | Mrs. Darshana Pandya | Mr. Balabhaskaran | Mr. Chetan Shah | Mr. Umesh Shah |
|-------------------------------|--------------------|-------------------|----------------------|-------------------|-----------------|----------------|
| No. of Board Meeting held | 14 | 14 | 14 | 14 | 14 | 14 |
| No. of Board Meeting attended | 14 | 14 | 14 | 12 | 14 | 13 |
| Presence at the previous AGM | Yes | Yes | Yes | Yes | Yes | Yes |

INDEPENDENT DIRECTORS AND EVALUATION OF DIRECTORS AND THE BOARD:

In terms of Section 149 of the Companies Act, 2013 and rules made there under, the Company has three Non-Promoter Independent Directors in line with the Companies Act, 2013. The terms and conditions of appointment of Independent Directors and Code for Independent Director are incorporated on the website of the Company at www.mas.co.in. The Company has received necessary declaration from each independent director under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013.

With the objective of enhancing the effectiveness of the board, the Nomination and Remuneration Committee formulated the methodology and criteria to evaluate the performance of the board and each director. The evaluation of the performance of the board is based on the approved criteria such as the board composition, strategic planning, role of the Chairman, non-executive directors and other senior management, assessment of the timeliness and quality of the flow of information by the Company to the board and adherence to compliance and other regulatory issues.

A separate meeting of Independent Directors was held on 30th March 2018 to review the performance of Non-Independent Directors and Board as whole.

FAMILIARIZATION PROGRAMME:

The Company has adopted the Familiarization Programme to familiarize Independent Directors of the Company. The regular meeting of the Independent Directors is being held with Executive Directors to interact with the strategy, operation and functions of the Company. Further, the Independent Directors are provided with opportunity to interact with the Management of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.

The Familiarization Programme, as adopted by the Board, has been uploaded on the website of the Company at www.mas.co.in.

Details of Committees

A. Audit Committee:

The Company has formed audit committee in line with the provisions Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. Audit Committee meeting is generally held one in quarter for the purpose of recommending the quarterly / half yearly / yearly financial result and the gap between two meetings did not exceed one hundred and twenty days. Additional meeting is held for the purpose of reviewing the specific item included in terms of reference of the Committee. During the year under review, Audit Committee met 8 (Eight) times on 17th May 2017, 21st June 2017, 29th July 2017, 24th August 2017, 13th September 2017, 7th November 2017, 6th December 2017 and 23rd January 2018.

The composition of the Committee and the details of meetings attended by its members are given below:

| Name | Designation | Number of meetings during the financial year 2017-18 | |
|-------------------|-------------|--|----------|
| | | Held | Attended |
| Mr. Balabhaskaran | Chairman | 8 | 7 |
| Mr. Chetan Shah | Member | 8 | 8 |
| Mr. Umesh Shah | Member | 8 | 7 |

The Statutory Auditors and Internal Auditors of the Company are invited in the meeting of the Committee wherever requires. Chief Financial Officer of the Company is a regular invitee at the Meeting.

Mr. Balabhaskaran, the Chairman of the Committee had attended last Annual General Meeting of the Company held on 21st June 2017.

Recommendations of Audit Committee have been accepted by the Board of wherever/whenever given.

A. Broad terms of Reference:

The role of the audit committee shall include the following:

- (1) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
 - (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 - (4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
 - (5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - (6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
 - (7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
 - (8) Approval or any subsequent modification of transactions of the listed entity with related parties;
 - (9) Scrutiny of inter-corporate loans and investments;
 - (10) Valuation of undertakings or assets of the listed entity, wherever it is necessary;
 - (11) Evaluation of internal financial controls and risk management systems;
 - (12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - (13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - (14) Discussion with internal auditors of any significant findings and follow up there on;
 - (15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - (16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - (18) To review the functioning of the whistle blower mechanism;
 - (19) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
 - (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- B. The audit committee shall mandatorily review the following information:**
1. management discussion and analysis of financial condition and results of operations;
 2. statement of significant related party transactions (as defined by the audit committee), submitted by management;

3. management letters / letters of internal control weaknesses issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses; and
5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
6. statement of deviations:
 - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

B. Nomination and Remuneration Committee:

The Company has formed Nomination and Remuneration committee in line with the provisions Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations. Nomination and Remuneration Committee meetings are generally held for identifying the person who is qualified to become Directors and may be appointed in senior management and recommending their appointments and removal. During the year under review, Nomination and Remuneration Committee met 5 (Five) times on 17th May 2017, 12th September 2017, 7th November 2017, 23rd January 2018 and 29th March 2018.

The composition of the Committee and the details of meetings attended by its members are given below:

| Name | Designation | Number of meetings during the financial year 2017 -18 | |
|-------------------|-------------|---|----------|
| | | Held | Attended |
| Mr. Balabhaskaran | Chairman | 5 | 5 |
| Mr. Chetan Shah | Member | 5 | 5 |
| Mr. Umesh Shah | Member | 5 | 4 |

Broad terms of reference:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. devising a policy on diversity of board of directors;
4. identifying persons who are qualified to become directors and who may be appointed in senior

management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

Remuneration of Directors:

The Company has not entered into any pecuniary relationship or transactions with Non-Executive Directors of the Company.

Further, criteria for making payment, if any, to non-executive directors are provided under the Nomination and Remuneration Policy of the Company which is hosted on the website of the Company viz; www.mas.co.in/policy.html

During the year under review, the Company has paid remuneration to Executive Directors of the Company, details of which are as under;

| Sr. No. | Name of Directors | Designation | Component of payment | Remuneration paid (₹ In lakhs) |
|---------|----------------------|------------------------------|----------------------|--------------------------------|
| 1. | Mr. Kamlesh Gandhi | Chairmen & Managing Director | Salary | 555.96/- |
| 2. | Mr. Mukesh Gandhi | Whole-Time Director & CFO | Salary | 555.64/- |
| 3. | Mrs. Darshana Pandya | Director & COO | Salary | 23.69/- |

During the year under review, the Company has paid Sitting fees to Non – Executive Independent Directors of the Company, details of which are as under;

| Sr. No. | Name of Directors | (Amount in ₹) |
|---------|--------------------|---------------|
| 1. | Mr. Bala Bhaskaran | 2,00,000/- |
| 2. | Mr. Chetan Shah | 2,40,000/- |
| 3. | Mr. Umesh Shah | 2,05,000/- |

The remuneration of the Directors is decided by the Nomination and Remuneration Committee based on the performance of the Company in accordance with the Nomination and Remuneration Policy within the limit approved by the Board or Members.

C. Stakeholder's Relationship Committee:

The Company has constituted Stakeholder's Relationship Committee mainly to focus on the redressal of Shareholders' / Investors' Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; etc. During the year under review, Stakeholder's Grievance & Relationship Committee met 2 (Two) times on 6th December 2017 and 23rd January 2018.

The composition of the Committee and the details of meetings attended by its members are given below:

| Name | Designation | Number of meetings during the financial year 2017-18 | |
|-------------------|-------------|--|----------|
| | | Held | Attended |
| Mr. Balabhaskaran | Chairman | 2 | 1 |
| Mr. Mukesh Gandhi | Member | 2 | 2 |
| Mr. Chetan Shah | Member | 2 | 2 |

Complaint

During the year, the Company had received 177 complaints from the Shareholders and company has tried to resolve the same. There was no complaint pending as on 31st March 2018.

Broad terms of reference

The Stakeholder's Relationship Committee as a committee of the Board has been constituted mainly to focus on the redressal of Shareholders' / Investors' Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; etc.

The equity shares of the Company are compulsorily traded in electronic form on the stock exchanges and hence the handling of physical transfer of shares is minimal. The Company has no transfers pending at the close of the financial year.

D. General Body Meetings

a. Annual General Meetings:

| Financial Year | Date | Location of Meeting | Time | No. of Special Resolutions passed |
|----------------|----------------------------|--|------------|-----------------------------------|
| 2016-17 | 21 st June 2017 | Registered Office: 5 th Floor Narayan Chambers, B/H Patang Hotel Ashram Road, Ahmedabad – 380 006, Gujarat | 11.00 A.M. | 2 |
| 2015-16 | 29 th June 2016 | Registered Office: 5 th Floor Narayan Chambers, B/H Patang Hotel Ashram Road, Ahmedabad – 380 006, Gujarat | 12.00 Noon | Nil |
| 2014-15 | 24 th June 2015 | Registered Office: 5 th Floor Narayan Chambers, B/H Patang Hotel Ashram Road, Ahmedabad – 380 006, Gujarat | 12.00 Noon | 2 |

The Company has not passed/proposed any Special Resolutions through Postal Ballot during the year under reference.

E. Means of Communication:

a. Financial Results:

The quarterly, half-yearly and annual results are published in widely circulating national and local dailies such as "Free press Gujarat" and/or "Financial Express" in English and "Lok Mitra" and/or "Financial Express" in Gujarati language and are displayed on the website of the Company www.mas.co.in.

b. Website:

The Company's website www.mas.co.in contains a separate dedicated section namely "Investors" where shareholders information is available. The Annual Report of the Company is also available on the website of the Company www.mas.co.in in a downloadable form.

c. During the year under review, the Company has made presentations to institutional investors / to the analysts. Further, the Company has displayed official news releases which are available on company's website www.mas.co.in.

F. General Shareholders Information:

a. Company Registration details:

The Company is registered in the State of Gujarat, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U65910GJ1995PLC026064.

b. Registered Office:

6 Ground Floor, Narayan Chambers, B/H Patang Hotel Ashram Road, Ahmedabad – 380 006, Gujarat.

c. Date, time and venue of the 23rd Annual General Meeting:

23rd Annual General Meeting is to be held on Wednesday, 27th June 2018 at 10.00 A.M. at the Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.

d. Financial Year:

Financial year is April 1 to March 31 and financial results will be declared as per the following schedule.

| Particulars | Tentative Schedule |
|---|---|
| Quarterly Results | |
| Quarter ending on 30 th June 2018 | On or before 14 th August 2018 |
| Quarter ending on 30 th September 2018 | On or before 14 th November 2018 |
| Quarter ending on 31 st December 2018 | On or before 14 th February 2019 |
| Annual Result of 2018-19 | On or before End of May, 2019 |

e. Dividend Payment:

The company has paid Interim Dividend on 400 - 9.75% Compulsory Convertible Cumulative Preference Share having face value of ₹ 1,00,000/- aggregating to ₹ 13,14,245/- (Rupees Thirteen Lakh Fourteen Thousand Two Hundred and Forty Five only) during the year.

The Company has also paid an interim dividend of ₹ 1.50/- (One Rupee Fifty Paise only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up aggregating to ₹ 8,19,93,064.5 (Rupees Eight Crore

Nineteen Lakh Ninety Three Thousand Sixty Four Rupees and Fifty Paise only).

The Board of Directors of the Company has proposed a Final Dividend of ₹ 2.16/- (Two Rupee Sixteen Paise Only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up aggregating to ₹ 11,80,70,012.88 (Rupees Eleven Crore Eighty Lakh Seventy Thousand Twelve Rupees and Eighty Eight Paise only)

f. Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Friday, 15th June 2018 to Wednesday, 27th June 2018 (both days inclusive) for the purpose of 23rd Annual General Meeting.

g. Listing on Stock Exchanges:

The Company's equity shares are listed on the BSE Ltd. (Scrip Code: 526241) and National Stock Exchange of India Limited (Symbol: MASFAN). The ISIN of the Company is INE348L01012.

The Company's Debt Securities are listed on BSE Ltd. (Scrip Code: 951920 and 952312)

Annual listing fees for the year 2018-2019 have been paid by the Company to BSE Ltd.

h. Market Price Data:

| Month | Company's Shares | |
|-----------------|---|------------------|
| | High (In ₹) – BSE | Low (In ₹) - BSE |
| April, 2017 | | |
| May, 2017 | | |
| June, 2017 | The Company was an unlisted company till September, 2017 and the Securities of the Company got listed on 18 th October 2017. | |
| July, 2017 | | |
| August, 2017 | | |
| September, 2017 | | |
| October, 2017 | 701.3 | 625 |
| November, 2017 | 665.5 | 564 |
| December, 2017 | 665 | 601.3 |
| January, 2018 | 657 | 597.45 |
| February, 2018 | 643.45 | 590 |
| March 2018 | 628.9 | 541.1 |

The performance of the equity share price of the Company at BSE Limited is as under:

| Month | MASFAN Share Price at BSE** | SENSEX** |
|--------------|---|----------|
| April-17 | | 29918.4 |
| May-17 | The Company was an unlisted company till September, 2017 and the Securities of the Company got listed on 18 th October 2017. | 31145.8 |
| June-17 | | 30921.61 |
| July-17 | | 32514.94 |
| August-17 | | 31730.49 |
| September-17 | | 31283.72 |
| October-17 | 638.35 | 33213.13 |
| November-17 | 646.35 | 33149.35 |
| December-17 | 625.55 | 34056.83 |
| January-18 | 624.2 | 35965.02 |
| February-18 | 594.85 | 34184.04 |
| March-18 | 594.6 | 32968.68 |

** closing data on the last day of the month

| Month | Company's Shares | |
|-----------------|---|------------------|
| | High (In ₹) – NSE | Low (In ₹) - NSE |
| April, 2017 | | |
| May, 2017 | | |
| June, 2017 | The Company was an unlisted company till September, 2017 and the Securities of the Company got listed on 18 th October 2017. | |
| July, 2017 | | |
| August, 2017 | | |
| September, 2017 | | |
| October, 2017 | 701.95 | 625 |
| November, 2017 | 664.85 | 565.05 |
| December, 2017 | 667.7 | 603 |
| January, 2018 | 658.9 | 599.35 |
| February, 2018 | 642 | 590 |
| March 2018 | 625 | 551 |

The performance of the equity share price of the Company at National Stock Exchange is as under:

| Month | MASFIN Share Price at NSE** | NIFTY** |
|--------------|---|----------|
| April-17 | | 9304.05 |
| May-17 | The Company was an unlisted company till September, 2017 and the Securities of the Company got listed on 18 th October 2017. | 9621.25 |
| June-17 | | 9520.9 |
| July-17 | | 10077.1 |
| August-17 | | 9917.9 |
| September-17 | | 9788.6 |
| October-17 | 636.9 | 10335.3 |
| November-17 | 646.75 | 10226.55 |
| December-17 | 626.75 | 10530.7 |
| January-18 | 628.9 | 11027.7 |
| February-18 | 593.05 | 10492.85 |
| March-18 | 593.05 | 10113.7 |

** closing data on the last day of the month

i. Registrar & Transfer Agents

Link Intime India Private Limited

C-101, 1st Floor,
247 Park Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai – 400 083
Tel No.: +91 22 -49186200
Fax No.: +91 22 -49186195
Email: mas.ipo@linkintime.co.in Web: www.linkintime.co.in

j. Share Transfer Procedure:

All the transfers are processed by the Registrar and Share Transfer Agents and are approved by the Stakeholders' Relationship Committee.

Pursuant to Regulation 40(9) of the Listing Regulations, the Company obtains a Certificate from a Practicing Company Secretary on half yearly basis, for due compliance of share transfer formalities.

Pursuant to SEBI (Depositories and Participants) Regulations, 1996, a certificate have also been obtained from a Practicing Company Secretary for timely dematerialization of the shares of the Company and for conducting Secretarial Audit on a quarterly basis for reconciliation of the share capital of the Company. The Company files copy of these certificates with the stock exchanges as required.

k. Shareholding as on 31st March 2018:

a. Distribution of Shareholding as on 31st March 2018:

| Range of No. of Shares From – To | No. of Shareholders | | Shares held | |
|-------------------------------------|---------------------|---------|--------------|---------|
| | Number | % | Number | % |
| Up to 5000 | 22,845 | 98.4486 | 86,62,170 | 1.5847 |
| 5001-10,000 | 153 | 0.6593 | 12,00,260 | 0.2196 |
| 10,001-20,000 | 61 | 0.2629 | 8,94,350 | 0.1636 |
| 20,001-30,000 | 31 | 0.1336 | 7,89,060 | 0.1444 |
| 30,001-40,000 | 18 | 0.0776 | 6,43,550 | 0.1177 |
| 40,001-50,000 | 14 | 0.0603 | 6,62,410 | 0.1212 |
| 50,001-1,00,000 | 27 | 0.1164 | 19,41,230 | 0.3551 |
| 1,00,001 and above | 56 | 0.2413 | 53,18,27,400 | 97.2937 |

b. Shareholding Pattern as on 31st March 2018:

| Category | No. of shares held | | Total No. of Shares | % of Holding |
|---|--------------------|--------------------|---------------------|---------------|
| | Physical | Demat | | |
| Promoter and Promoter Group | - | 4,00,83,952 | 4,00,83,952 | 73.32 |
| Mutual Funds | - | 51,75,314 | 51,75,314 | 9.47 |
| Banks / FI / Central Govt. / State Govts / Trusts & Insurance Companies | - | 19,130 | 19,130 | 0.03 |
| Foreign Institutional Investors / Portfolio Investor | - | 23,48,412 | 23,48,412 | 4.30 |
| NRI | - | 39,318 | 39,318 | 0.07 |
| Foreign Nationals | - | - | - | - |
| Foreign Companies | - | 5,12,289 | 5,12,289 | 0.94 |
| Bodies Corporate | - | 4,60,984 | 4,60,984 | 0.84 |
| Clearing Member | - | 1,19,541 | 1,19,541 | 0.22 |
| Directors / Relatives of Director | - | - | - | - |
| Indian Public / HUF | - | 14,45,756 | 14,45,756 | 2.64 |
| Trusts | - | 40,15,487 | 40,15,487 | 7.35 |
| Alternate Investment Funds | - | 4,41,860 | 4,41,860 | 0.81 |
| Total | - | 5,46,62,043 | 5,46,62,043 | 100.00 |

l. Dematerialization of Shares and Liquidity

The Company's shares are traded in dematerialized form. All the Equity shares of the Company are dematerialized as on 31st March 2018.

The Company's shares are traded on the 'BSE Limited' and 'National Stock Exchange of India Limited'.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE348L01012.

m. Outstanding GDRs/ADRs/Warrants or any convertible instrument, conversion and likely impact on equity:

There is no outstanding ADR/GDR, Warrants, or any other convertible instrument likely impact on equity.

n. Commodity Price Risk / Foreign Exchange Risk and Hedging:

Commodity Price Risk / Foreign Exchange Risk and Hedging is not applicable to the company.

o. Site location:

The Company is in service sector and does not have any Site / Plant locations. However, the Company operates from its Registered Office only and has 77 branches as on 31st March 2018.

p. Address of Correspondence:

- i) **MAS Financial Services Limited**
 Ms. Riddhi Bhaveshbhai Bhayani
 Company Secretary and Compliance Officer
 6 Ground Floor, Narayan Chamber, , Behind Patang Hotel, Ashram Road,
 Ahmedabad – 380 009
E-Mail: riddhi_bhayani@mas.co.in
Phone: +91-79-41106638

ii) For transfer/dematerialization of shares, change of address of members and other queries:

Link Intime India Private Limited
 Ms. Jiny Elizabeth
 C-101, 1st Floor,
 247 Park Lal Bahadur Shastri Marg,
 Vikhroli (West), Mumbai – 400 083
Email: mas.ipo@linkintime.co.in
Tel No.: +91-22-49186200
Web: www.linkintime.co.in

G. Other Disclosures:

- a. There were no materially significant Related Party Transactions and pecuniary transactions that may have potential conflict with the interest of the Company at large. The details of Related Party Transactions are disclosed in financial section of this Annual Report. The Board has approved a policy for related party transactions which is uploaded on the website of the Company at www.mas.co.in.
- b. There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority.
- c. The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safe guards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistle blowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company at www.mas.co.in.
- d. The Company has complied with all mandatory requirements laid down by the Regulation 27 of the Listing Obligations and Disclosure Requirements Regulation, 2015. The non-mandatory requirements complied with wherever requires and the same has been disclosed at the relevant places.
- e. The Company has 1 subsidiary Company and therefore, the Company has adopted Policy for determining Material Subsidiary which is uploaded on the website of the Company at www.mas.co.in.
- f. The Company has adopted Related Party Transactions Policy which is uploaded on the website of the Company at www.mas.co.in.
- g. The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on 31st March 2018 in compliance with Regulation 17(8) of Listing Regulations. The certificate is appended as an Annexure to this report. They have also provided quarterly certificates on financial results while placing the same before the Board pursuant to Regulation 33 of Listing Regulation.
- h. A qualified Practising Company Secretary carried out a reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Secretarial Audit confirms that the total issued/paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- i. The designated Senior Management Personnel of the Company have disclosed to the Board that no material, financial and commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.
- j. The Company has also adopted Material Events Policy, and Policy on Preservation of Documents which is uploaded on the website of the Company at www.mas.co.in.
- k. Details of the familiarization programme of the independent directors are available on the website of the company at www.mas.co.in.
- l. With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading.
- m. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It has obtained a certificate affirming the compliances from Practising Company Secretary, CS Ravi Kapoor and the same is attached to this Report.
- n. The Company has executed the Listing Agreement with the BSE Ltd. and the National Stock Exchange

of India pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Director seeking re-appointment at the forthcoming AGM are given herein and in the Annexure to the Notice of the 23rd AGM to be held on 27th June 2018.

- o. In the preparation of the financial statements, the Company has followed the accounting policies and practices as prescribed in the Accounting Standards.
- p. The Company does not have any demat suspense account/unclaimed suspense account and therefore, the details pertaining the same are not given.

H. Lock in shares:

Following shares held by the promoters of the company are under lock in as on 31st March 2018:

| Sr. No. | Name | Category | No. of shares in lock in | Percentage of total shares held by them. |
|---------|------------------------------------|---------------------|--------------------------|--|
| 1. | Shweta Kamlesh Gandhi | Promoter | 1,63,38,450 | 100 |
| 2. | Mukesh Chimanlal Gandhi | Promoter & Director | 1,61,26,713 | 99.8455 |
| 3. | Kamlesh Chimanlal Gandhi | Promoter & Director | 62,59,081 | 99.9202 |
| 4. | Prarthna Marketing Private Limited | Promoter | 13,05,257 | 100 |

I. Compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations

| Particulars | Regulation Number | Compliance Status |
|---|----------------------------|-------------------|
| Board composition | 17(1) | Yes |
| Meeting of Board of directors | 17(2) | Yes |
| Review of Compliance Reports | 17(3) | Yes |
| Plans for orderly succession for appointments | 17(4) | Yes |
| Code of Conduct | 17(5) | Yes |
| Fees / compensation | 17(6) | Yes |
| Minimum Information | 17(7) | Yes |
| Compliance Certificate | 17(8) | Yes |
| Risk Assessment & Management | 17(9) | Yes |
| Performance Evaluation of Independent Directors | 17(10) | Yes |
| Composition of Audit Committee | 18(1) | Yes |
| Meeting of Audit Committee | 18(2) | Yes |
| Composition of Nomination & Remuneration Committee | 19(1) & (2) | Yes |
| Composition of Stakeholder Relationship Committee | 20(1) & (2) | Yes |
| Composition and role of Risk Management Committee | 21(1), (2), (3), (4) | N. A. |
| Vigil Mechanism | 22 | Yes |
| Policy for related party transaction | 23(1),(5),(6), (7) & (8) | Yes |
| Prior or omnibus approval of Audit Committee for all related party transactions | 23(2), (3) | Yes |
| Approval for material related party transactions | 23(4) | Yes |
| Composition of Board of Directors of unlisted material subsidiary | 24(1) | Yes |
| Other Corporate Governance requirements with respect to subsidiary of listed entity | 24(2), (3), (4), (5) & (6) | N. A. |
| Maximum directorship & tenure | 25(1) & (2) | Yes |
| Meeting of independent directors | 25(3) & (4) | Yes |
| Familiarization of independent directors | 25(7) | Yes |
| Membership in Committees | 26(1) | Yes |
| Affirmation with compliance to code of conduct from members of Board of Directors and Senior Management | 26(3) | Yes |
| Disclosure of shareholding by Non-Executive Directors | 26(4) | Yes |
| Policy with respect to obligations of directors and senior management | 26(2) & 26(5) | Yes |

| Particulars | Regulation Number | Compliance Status |
|---|-------------------|-------------------|
| Terms and conditions of appointment of independent directors | 46(2)(b) | Yes |
| Composition of various committees of board of directors | 46(2)(c) | Yes |
| Code of conduct of board of directors and senior management personnel | 46(2)(d) | Yes |
| Details of establishment of vigil mechanism/ Whistle Blower Policy | 46(2)(e) | Yes |
| Criteria for making payments to non-executive directors | 46(2)(f) | Yes |
| Policy for dealing with related party transactions | 46(2)(g) | Yes |
| Policy for determining 'material' subsidiaries | 46(2)(h) | Yes |
| Details of familiarization programmes imparted to independent directors | 46(2)(i) | Yes |

For and on behalf of the Board of Directors of
AAAS FINANCIAL SERVICES LIMITED

Riddhi Bhayani

Company Secretary
 Membership No.: A41206

Mukesh C. Gandhi

Whole time Director & CFO
 (DIN: 00187086)

Kamlesh C. Gandhi

Chairman and Managing Director
 (DIN: 00044852)

Date : 28th May 2018
 Place : Ahmedabad

CERTIFICATE ON CORPORATE GOVERNANCE

To,
 The Members of
AAAS Financial Services Limited

We have examined the Compliance Conditions of Corporate Governance by AAAS Financial Services Limited for the year ended on 31st March 2018 as per para E of Schedule V read with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1st April, 2017 to 31st March 2018. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanation given to us, and the representation made by the Directors and the Management, we certify that the Company has materially complied with the conditions of Corporate Governance as stipulated Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For, Ravi Kapoor & Associates

Company Secretaries

Ravi Kapoor

Proprietor
 Membership No.2587

Date: 9th May, 2018
 Place: Ahmedabad

DECLARATION

I, Kamlesh Gandhi, Managing Director of HFS Financial Services Limited hereby declare that as of 31st March 2018, all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct and Ethics for Directors and Senior Management Personnel laid down by the Company.

For and on behalf of the Board of Directors of
HFS FINANCIAL SERVICES LIMITED

Kamlesh C. Gandhi

Chairman and Managing Director
(DIN: 00044852)

Date : 28th May 2018

Place : Ahmedabad

CERTIFICATE OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Kamlesh Gandhi, Chairman and Managing Director & Mukesh Gandhi, Whole-time Director and Chief Financial Officer of HFS Financial Services Limited certify that:

We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2018 and to the best of our knowledge and belief:

- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- iii. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2018 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- iv. We accept responsibility for establishing and maintaining internal control system and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal control system, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- v. We further certify that we have indicated to the auditors and the Audit Committee:
 - a. There have been no significant changes in internal control over financial reporting system during the year;
 - b. There have been no significant changes in accounting policies during the year except for the changes disclosed in the notes to the financial statements, if any; and
 - c. There have been no instances of significant fraud, of which we have become aware, involving management or any employee having a significant role in the Company's internal control system over financial reporting.

Kamlesh C. Gandhi

Chairman and Managing Director
(DIN: 00044852)

Mukesh C. Gandhi

Whole time Director & CFO
(DIN: 00187086)

Date : 28th May 2018

Place : Ahmedabad



Annexure - J

Disclosures pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 ("said Master Direction").

RELATED PARTY TRANSACTIONS

(Pursuant to clause 4.3 of Annex XII of the said Master Direction)

- (1) Details of all material transaction with related parties are disclosed at Note No. 33 to the Standalone Financial Statements and Note No. 34 to the Consolidated Financial Statements ;
- (2) The web-link for the policy on dealing with the Related Party Transactions is <https://mas.co.in/policy.html>

Independent Auditor's Report

TO THE MEMBERS OF HAS FINANCIAL SERVICES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HAS FINANCIAL SERVICES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India.

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 standalone 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.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us 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 2018, and its profits and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- As required by Section 143 (3) of the Act, we report that:
 - 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.
 - 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.
 - 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.
 - In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
 - On the basis of the written representations received from the directors of the Company as on



- 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Place: Ahmedabad
Date: 9th May 2018

Kartikeya Raval
Partner
Membership No. 106189

Annexure “A”

TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of MAS Financial Services Limited (“the Company”) as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of

internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all



material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Place: Ahmedabad
Date: 9th May 2018

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Kartikeya Raval
Partner
Membership No. 106189

Annexure “B”

TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) In respect of fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of buildings whose title deeds have been pledged as security for loans, are held in the name of the Company based on the confirmations directly received by us from lenders.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies covered in the register maintained under section 189 of the Act, in respect of which:
- (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
- (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) The provisions of section 185 of the Act are not applicable to the Company. The Company has complied with the provisions of section 186 of the Act to the extent applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and hence compliance with the provisions of section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014, as amended, with regard to the deposits accepted is not applicable to the Company.
- (vi) According to the information and explanations given to us, maintenance of cost records has not been specified for the Company by the Central Government under section 148(1) of the Act.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax (GST), Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax (GST), Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Goods & Service Tax (GST), Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31st March 2018 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. There are no loans or borrowings from governments.
- (ix) The Company has raised moneys by way of initial public offer and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.



- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has made preferential allotment of equity shares during the year under audit. The Company has not issued any debentures during the year.
- (b) The amounts raised have been applied by the Company during the year for the purposes for which the funds were raised.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable and hence reporting under clause (xii) of the Order is not applicable.
- (xvi) The Company is required to be registered under section 45-I of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

In respect of the above issue of shares, we further report that:

- (a) The requirement of section 42 of the Act, as applicable, have been complied with; and

Place: Ahmedabad
Date: 9th May 2018

Kartikeya Raval
Partner
Membership No. 106189

Balance Sheet

as at 31st March 2018

(₹ in Lakhs)

| Particulars | Notes | As at 31 st March 2018 | As at 31 st March 2017 |
|--|--------|--------------------------------------|--------------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share Capital | 3 | 5,466.20 | 9,042.72 |
| Reserves and Surplus | 4 | 65,925.95 | 23,651.46 |
| | | 71,392.15 | 32,694.18 |
| Compulsorily Convertible Debentures (Unsecured) | 3.3(d) | - | 4,998.00 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 20,514.39 | 20,304.28 |
| Other Long-term Liabilities | 6 | 36,933.26 | 24,550.95 |
| Long-term provisions | 7 | 474.63 | 306.38 |
| | | 57,922.28 | 45,161.61 |
| Current liabilities | | | |
| Short-term borrowings | 8 | 93,198.22 | 76,789.70 |
| Trade payables : | | | |
| Total outstanding dues of micro and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 321.90 | 255.85 |
| Other current liabilities | 9 | 41,210.39 | 41,229.48 |
| Short-term provisions | 10 | 2,135.10 | 1,287.61 |
| | | 1,36,865.61 | 1,19,562.64 |
| Total | | 2,66,180.04 | 2,02,416.43 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipments | 11(a) | 5,636.66 | 703.06 |
| Intangible assets | 11(b) | 17.40 | 13.16 |
| | | 5,654.06 | 716.22 |
| Non-current investments | 12 | 1,075.70 | 1,075.70 |
| Deferred tax assets (net) | 13 | 681.20 | 422.26 |
| Long-term loans and advances | 14 | 1,18,828.75 | 76,765.89 |
| Other non-current assets | 15 | 320.56 | 913.41 |
| | | 1,20,906.21 | 79,177.26 |
| Current assets | | | |
| Cash and bank balances | 16 | 4,576.23 | 3,667.55 |
| Short-term loans and advances | 14 | 1,32,210.17 | 1,16,787.22 |
| Other current assets | 17 | 2,833.37 | 2,068.18 |
| | | 1,39,619.77 | 1,22,522.95 |
| Total | | 2,66,180.04 | 2,02,416.43 |

See accompanying explanatory notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Kartikeya Raval

Partner

Darshana S. Pandya

(Director & Chief Operating Officer)

(DIN - 07610402)

Riddhi Bhayani

(Company Secretary)

For and on behalf of the Board of Directors of

HAS Financial Services Ltd.

Kamlesh C. Gandhi

(Chairman & Managing Director)

(DIN - 00044852)

Mukesh C. Gandhi

(Whole Time Director & Chief Financial Officer)

(DIN - 00187086)

Place : Ahmedabad

Date : 9th May 2018

Place: Ahmedabad

Date : 9th May 2018

Statement of Profit & Loss

for the year ended 31st March 2018

(₹ in Lakhs)

| Particulars | Notes | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|--|-------|---|---|
| INCOME | | | |
| Revenue from Operations | 18 | 42,618.94 | 34,063.15 |
| Other Income | 19 | 168.31 | 88.56 |
| Total Income | | 42,787.25 | 34,151.71 |
| EXPENSES | | | |
| Employee Benefits Expense | 20 | 3,727.42 | 2,624.09 |
| Finance Costs | 21 | 15,184.80 | 15,131.49 |
| Depreciation and Amortisation Expense | 22 | 120.24 | 96.12 |
| Provisions and Loan Losses | 23 | 4,642.62 | 2,673.64 |
| Other Expenses | 24 | 3,306.81 | 3,319.21 |
| Total Expenses | | 26,981.89 | 23,844.55 |
| Profit Before Tax | | 15,805.36 | 10,307.16 |
| Tax Expense: | | | |
| Current Tax | | 5,727.00 | 3,690.00 |
| Short / (Excess) provision for tax relating to prior years | | (0.12) | 1.39 |
| Net current tax expense | | 5,726.88 | 3,691.39 |
| Deferred Tax | | (258.94) | (121.46) |
| Net tax expense | | 5,467.94 | 3,569.93 |
| Profit for the year | | 10,337.42 | 6,737.23 |
| Earnings per share (of ₹ 10 each): | | | |
| Basic | 25 | 20.94 | 15.85 |
| Diluted | | 20.94 | 15.07 |

See accompanying explanatory notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Kartikeya Raval

Partner

Darshana S. Pandya

(Director & Chief Operating Officer)

(DIN - 07610402)

Riddhi Bhayani

(Company Secretary)

Place : Ahmedabad

Date : 9th May 2018

Place: Ahmedabad

Date : 9th May 2018

For and on behalf of the Board of Directors of

HAAS Financial Services Ltd.

Kamlesh C. Gandhi

(Chairman & Managing Director)

(DIN - 00044852)

Mukesh C. Gandhi

(Whole Time Director & Chief Financial Officer)

(DIN - 00187086)

Cash Flow Statement

for the year ended 31st March 2018

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|---|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax | 15,805.36 | 10,307.16 |
| Adjustments for : | | |
| Depreciation and Amortisation | 120.24 | 96.12 |
| Finance Costs | 15,184.80 | 15,131.49 |
| Provision for Non Performing Assets | 514.38 | 65.28 |
| Contingent Provision against Standard Assets | 226.89 | 292.90 |
| Loss Assets Written Off (Net) | 3,716.38 | 2,151.94 |
| Loss on Sale of Property, Plant & Equipments and Intangible Assets | 0.37 | 1.24 |
| Loss on Sale of Repossessed Assets | 184.97 | 163.52 |
| Interest Income | (42,618.94) | (34,063.15) |
| Interest Income from Investments and Deposits | (150.92) | (67.58) |
| Dividend Income | (5.39) | (0.01) |
| Income on distribution on PTC held as non-current investments | - | (8.97) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | (7,021.86) | (5,930.06) |
| Changes in Working Capital: | | |
| Adjustments for (increase)/decrease in operating assets: | | |
| Loans and Advances | (61,651.68) | (36,083.76) |
| Other Current and Non-Current Assets | (205.21) | (202.50) |
| Adjustments for increase/(decrease) in operating liabilities: | | |
| Trade Payables | 66.05 | (202.16) |
| Security Deposits from Borrowers | 8,784.66 | 8,895.19 |
| Advance from Borrowers | 680.48 | 663.14 |
| Other Current Liabilities | 1,825.13 | 3,284.80 |
| Short Term Provisions | 13.14 | 8.18 |
| CASH GENERATED FROM / (USED IN) OPERATIONS | (57,509.29) | (29,567.17) |
| Finance Costs paid | (14,519.30) | (14,031.34) |
| Income Tax Paid (Net) | (5,465.55) | (3,642.94) |
| Interest Income Received | 41,965.67 | 33,824.84 |
| CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A) | (35,528.47) | (13,416.61) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital expenditure on Property, Plant & Equipments and Intangible Assets, including capital advances | (4,844.66) | (386.11) |
| Proceeds from sale of Property, Plant & Equipments and Intangible Assets | 0.13 | 1.42 |
| Bank balances not considered as Cash and Cash Equivalents | | |
| - Fixed Deposits Matured | 22.91 | 75.00 |
| - Fixed Deposits Placed | (185.04) | (136.12) |
| Interest Income from Investments and Deposits | 89.07 | 30.60 |
| Income on distribution on PTC held as non-current investments | - | 8.97 |
| Proceeds from redemption of Long Term Investments | - | 26.63 |
| Dividend Income | 5.39 | 0.01 |
| CASH FLOW (USED IN) INVESTING ACTIVITIES (B) | (4,912.20) | (379.60) |

Cash Flow Statement

for the year ended 31st March 2018 (contd.)

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|--|---|---|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Shares | 26,799.99 | 10,000.00 |
| Shares Issue Expenses | (2,164.33) | (602.66) |
| Proceeds from Issue of Convertible Cumulative Preference Shares | - | 400.00 |
| Proceeds from Long Term Borrowings | 18,696.98 | 9,500.00 |
| Proceeds from Issue of Commercial Papers | - | 7,342.01 |
| Redemption of Commercial Papers | - | (7,500.00) |
| Repayments of Long Term Borrowings | (18,052.75) | (19,900.36) |
| Net Increase / (Decrease) in Working Capital Borrowings | 16,408.52 | 2,678.17 |
| Dividends paid including Dividend Distribution Tax | (1,037.54) | (1,983.69) |
| CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C) | 40,650.87 | (66.53) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | 210.20 | (13,862.74) |
| Cash and Cash Equivalents at the beginning of the year | 3,585.75 | 17,448.49 |
| Cash and Cash Equivalents at the end of the year (Refer Note 1 below) | 3,795.95 | 3,585.75 |

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|---|--------------------------------------|--------------------------------------|
| Notes: | | |
| 1 Cash and bank balances at the end of the year comprises: | | |
| (a) Cash on Hand | 12.93 | 12.83 |
| (b) Balances with banks | 3,783.02 | 3,572.92 |
| Cash and Cash Equivalents as per Cash Flow Statement | 3,795.95 | 3,585.75 |
| Other Bank Balances (Refer Note 16) | 780.28 | 81.80 |
| Cash and Cash Equivalents as per Balance Sheet | 4,576.23 | 3,667.55 |
| 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. | | |

See accompanying explanatory notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
 Chartered Accountants

Kartikeya Raval
 Partner

Darshana S. Pandya
 (Director & Chief Operating Officer)
 (DIN - 07610402)

Riddhi Bhayani
 (Company Secretary)

Place : Ahmedabad
 Date : 9th May 2018

Place: Ahmedabad
 Date : 9th May 2018

For and on behalf of the Board of Directors of
₹ Financial Services Ltd.

Kamlesh C. Gandhi
 (Chairman & Managing Director)
 (DIN - 00044852)

Mukesh C. Gandhi
 (Whole Time Director & Chief Financial Officer)
 (DIN - 00187086)

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018

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 (NBFC) with Reserve Bank of India. The Company is engaged in the business of providing Micro Enterprise Loans, SME Loans, Two Wheeler Loans, Commercial Vehicle Loans, Agri Based Loans and loans to Micro Financial Institutions (MFI) and NBFCs. During the year, the equity shares of the Company were listed on BSE Limited and National Stock Exchange Limited pursuant to the Initial Public Offering ("IPO") and Offer of Sales ("OFS").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 relevant provisions of the Companies Act, 2013 ("the Act"). The financial statements have been prepared on accrual basis under the historical cost convention. Further, the Company follows the prudential norms for income recognition and provisioning for Non-performing Assets as prescribed by the Reserve Bank of India for Non-Banking Financial Companies. Loans to customers outstanding at the close of the year are stated net of amount written off. The Company assesses all receivables for their recovery and accordingly provisions for non-performing assets are enhanced as considered necessary, based on past experience, emerging trends and estimates. The accounting policies adopted in the preparation of the financial statements are consistent with those adopted in the preparation of the financial statements in the previous year.

Amounts less than ₹ 500 have been shown at actual by way of referencing against the particular line item.

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 years in which the results are known / materialize.

C. PROPERTY, PLANT & EQUIPMENTS AND INTANGIBLE ASSETS

Property, Plant & Equipments and Intangible Assets are carried at cost, less accumulated depreciation/ amortisation and impairment losses, if any. The cost of Property, Plant & Equipments and Intangible 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 Property, Plant & Equipments and Intangible Assets after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

D. DEPRECIATION AND AMORTISATION

Depreciable amount for assets is the cost of an asset less its estimated residual value. Depreciation on Property, Plant & Equipments has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act. In respect of Property, Plant & Equipments 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 amortised equally over a period of three years from the year of purchase.

E. IMPAIRMENT OF ASSETS

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

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

F. INVESTMENTS

Long term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

G. 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 Financial Companies, is recognised on receipt basis.

Income from Loans

Interest income on loan transactions is accounted for over the period of the contract by applying the interest rate implicit in such contracts.

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

Income from Assignment of receivables

At Par Structure

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

H. OTHER INCOME

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

I. 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.

J. EMPLOYEE BENEFITS

Defined contribution plans

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

Defined benefit plans

For defined benefit plan in the form of gratuity the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial

valuation being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

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.

K. BORROWING COSTS

Borrowing Costs include interest and amortisation of other ancillary costs incurred in connection with borrowings. Costs incurred in connection with borrowing of funds to the extent not directly related to acquisition of a qualifying asset are charged to the Statement of Profit and Loss over the tenure of the loan.

Certain Share Issue Expenses are being adjusted against the Securities Premium Account.

L. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit 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

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

dividing the profit 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. 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. 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 period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

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

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

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

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

O. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit 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.

R. OPERATING CYCLE

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

Note 3. Share Capital

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|---|--------------------------------------|--------------------------------------|
| Authorized Shares: | | |
| 6,40,00,000 Equity Shares of ₹ 10 each (As at 31 st March 2017: 6,40,00,000 Equity Shares of ₹ 10 each) | 6,400.00 | 6,400.00 |
| 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 st March 2017: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) | 2,200.00 | 2,200.00 |
| 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 st March 2017: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) | 2,200.00 | 2,200.00 |
| 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each (As at 31 st March 2017: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each) | 400.00 | 400.00 |
| | 11,200.00 | 11,200.00 |
| Issued, Subscribed and Fully Paid-Up Shares: | | |
| 5,46,62,043 Equity Shares of ₹ 10 each fully paid-up (As at 31 st March 2017: 4,29,56,182 Equity Shares of ₹ 10 each fully paid-up) | 5,466.20 | 4,295.62 |
| - 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 st March 2017: 2,17,35,545 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) | - | 2,173.55 |
| - 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 st March 2017: 2,17,35,545 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) | - | 2,173.55 |
| - 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each (As at 31 st March 2017: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each) | - | 400.00 |
| | 5,466.20 | 9,042.72 |

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 31 st March 2018 | | As at 31 st March 2017 | |
|---|-----------------------------------|-----------------|-----------------------------------|-----------------|
| | No. of Shares | (₹ in Lakhs) | No. of Shares | (₹ in Lakhs) |
| Equity Shares | | | | |
| Outstanding at the beginning of the year | 4,29,56,182 | 4,295.62 | 1,60,00,125 | 1,600.01 |
| Issued during the year (Refer Note No. 3.2 and 3.3) | 1,17,05,861 | 1,170.58 | 29,55,869 | 295.59 |
| Bonus issue during the year | - | - | 2,40,00,188 | 2,400.02 |
| Outstanding at the end of the year | 5,46,62,043 | 5,466.20 | 4,29,56,182 | 4,295.62 |
| 13.31% Compulsorily Convertible Cumulative Preference Shares | | | | |
| Outstanding at the beginning of the year | 2,17,35,545 | 2,173.55 | 2,17,35,545 | 2,173.55 |
| Less: Converted into Equity Shares (Refer Note No. 3.3) | (2,17,35,545) | (2,173.55) | - | - |
| Outstanding at the end of the year | - | - | 2,17,35,545 | 2,173.55 |
| 0.01% Compulsorily Convertible Cumulative Preference Shares | | | | |
| Outstanding at the beginning of the year | 2,17,35,545 | 2,173.55 | 2,17,35,545 | 2,173.55 |
| Less: Converted into Equity Shares (Refer Note No. 3.3) | (2,17,35,545) | (2,173.55) | - | - |
| Outstanding at the end of the year | - | - | 2,17,35,545 | 2,173.55 |
| 9.75% Compulsorily Convertible Cumulative Preference Shares | | | | |
| Outstanding at the beginning of the year | 400 | 400.00 | - | - |
| Issued during the year | - | - | 400 | 400.00 |
| Less: Converted into Equity Shares (Refer Note No. 3.3) | (400) | (400.00) | - | - |
| Outstanding at the end of the year | - | - | 400 | 400.00 |

3.2 Issue of Share Capital

- (a) Pursuant to the Private Placement offer letter ("Offer Document") dated 30th March 2017, the Company has allotted 10,34,553 number of equity shares on 19th April 2017 having face value of ₹ 10/- per share at a premium of ₹ 328.31/- per share under the second tranche of the Offer Document. The Company has raised total of ₹ 13,500 lakhs towards private placement offer letter as of date.

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

- (b) Pursuant to the Initial Public Offering ("IPO"), the Company has allotted 50,92,829 equity shares of ₹ 10/- each as fresh issue of equity shares. Out of which, 1,69,082 equity shares were allotted to eligible employees at premium of ₹ 404 per share and 49,23,747 were allotted to public at premium of ₹ 449 per share.
- (c) Pursuant to the conversion of various compulsorily convertible instruments as mentioned in Note 3.3 below, the Company has issued and allotted 55,78,479 equity shares to the convertible instrument holders. Out of converted equity shares, 49,46,448 equity shares were offered for sale by the convertible instrument holders.

3.3 Conversion of Compulsorily Convertible Instruments

All the compulsorily convertible instruments were converted into Equity Shares as per agreements, amended from time to time, in the following manner:

- (a) 0.01% Compulsorily Convertible Cumulative Preference Shares were converted into 17,39,865 Equity Shares having face value of ₹ 10/- each at a premium of ₹ 114.93/share;
- (b) 13.31% Compulsorily Convertible Cumulative Preference Shares were converted into 12,80,723 Equity Shares having face value of ₹ 10/- each at a premium of ₹ 159.71/share;
- (c) 9.75% Compulsorily Convertible Cumulative Preference Shares were converted into 87,716 Equity Shares having face value of ₹ 10/- each at a premium of ₹ 446/share; and
- (d) 13% Compulsorily Convertible Debentures were converted into 24,70,175 Equity Shares having face value of ₹ 10/- at a premium of ₹ 192.33/share.

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

| Class of shares / Name of shareholder | As at 31 st March 2018 | | As at 31 st March 2017 | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 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 | 62,64,081 | 11.46% | 62,42,818 | 14.53% |
| Shweta Kamlesh Gandhi | 1,63,38,450 | 29.89% | 1,63,38,450 | 38.04% |
| Mukesh C. Gandhi | 1,61,51,664 | 29.55% | 1,61,10,450 | 37.50% |
| M/s. Motilal Oswal Financial Services Limited | - | - | 23,64,695 | 5.51% |
| Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund | 28,53,993 | 5.22% | - | - |
| Vistra Itcl I Ltd Business Excellence Turst Iii India Business | 39,90,422 | 7.30% | - | - |
| 0.01% Compulsorily Convertible Cumulative Preference Shares | | | | |
| Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V | - | - | 2,17,35,545 | 100.00% |
| 13.31% Compulsorily Convertible Cumulative Preference Shares | | | | |
| Sarva Capital LLC (formerly known as Lok Capital II LLC) | - | - | 2,17,35,545 | 100.00% |
| 9.75% Compulsorily Convertible Cumulative Preference Shares | | | | |
| Viraj Amar Patel | - | - | 125 | 31.25% |
| G N G Investment Limited | - | - | 25 | 6.25% |
| Pranav Natwarlal Shah | - | - | 25 | 6.25% |
| Minesh Shah | - | - | 25 | 6.25% |
| Reena Mehta | - | - | 25 | 6.25% |
| Asha Dineshchandra Gawarvala | - | - | 50 | 12.50% |
| Sutaria Devendrakumar S | - | - | 25 | 6.25% |
| Capitalsquare Advisors Private Limited | - | - | 25 | 6.25% |

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

- (a) 60,00,000 Equity Shares of ₹ 10 each fully paid-up were allotted as bonus shares by capitalisation of Capital Redemption Reserve during 2013-14
- (b) 2,40,00,188 Equity Share of ₹ 10 each fully paid-up were allotted as bonus shares by capitalisation of free reserves during 2016-17



Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

Note 4. Reserves and Surplus

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|--|--------------------------------------|--------------------------------------|
| Reserve u/s. 45-IA of RBI Act, 1934 | | |
| Outstanding at the beginning of the year | 5,847.97 | 4,500.52 |
| Additions during the year | 2,067.48 | 1,347.45 |
| Outstanding at the end of the year | 7,915.45 | 5,847.97 |
| Securities Premium Account | | |
| Outstanding at the beginning of the year | 9,636.73 | 299.40 |
| Additions during the year | 35,374.52 | 9,704.41 |
| Less: Utilised for Initial Public Offer expenses (Refer Note No. 27) | (2,399.91) | (367.08) |
| Outstanding at the end of the year | 42,611.34 | 9,636.73 |
| General Reserve | | |
| Outstanding at the beginning of the year | - | 1,263.64 |
| Less : Utilised for issue of bonus shares | - | (1,263.64) |
| Outstanding at the end of the year | - | - |
| Surplus in Statement of Profit and Loss | | |
| Outstanding at the beginning of the year | 8,166.76 | 5,776.84 |
| Less: Utilised for issue of bonus shares | - | (1,136.38) |
| Add: Profit for the year | 10,337.42 | 6,737.23 |
| | 18,504.18 | 11,377.69 |
| Less : Appropriations: | | |
| Transfer to Reserve u/s. 45-IA of RBI Act,1934 | (2,067.48) | (1,347.45) |
| Interim Dividend on Equity Shares | (819.93) | (1,250.01) |
| Interim Dividend on Preference Shares | (13.14) | (299.57) |
| Dividend on Preference Shares | (28.95) | - |
| Dividend distribution tax on preference dividend | (8.57) | (59.38) |
| Dividend distribution tax on equity dividend | (166.95) | (254.52) |
| Total Appropriations | (3,105.02) | (3,210.93) |
| Net Surplus in Statement of Profit and Loss | 15,399.16 | 8,166.76 |
| Total Reserves and Surplus | 65,925.95 | 23,651.46 |

Note 5. Long Term Borrowings

(₹ in Lakhs)

| Particulars | Non Current | | Current | |
|--|---|---|---|---|
| | As at 31 st March 2018 | As at 31 st March 2017 | As at 31 st March 2018 | As at 31 st March 2017 |
| (a) Debentures (Refer Note No. 5.1) | | | | |
| Unsecured (Sub-ordinate Debt) | | | | |
| 400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each | 4,000.00 | 4,000.00 | - | - |
| 200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each | 2,000.00 | 2,000.00 | - | - |
| (b) Term Loans (Refer Note No. 5.1) | | | | |
| Secured | | | | |
| From Banks | 13,332.57 | 11,529.69 | 11,618.28 | 11,336.51 |
| From Financial Institutions | 1,181.82 | 2,774.59 | 3,392.77 | 3,240.42 |
| | 20,514.39 | 20,304.28 | 15,011.05 | 14,576.93 |

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

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

(₹ in Lakhs)

| Particulars | Non Current | Current | Terms of Redemption/ Repayment | Security |
|--|-----------------|----------|---|---|
| Debentures | | | | |
| 400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each | 4,000.00 | - | Coupon Rate: 14.00% p.a. Coupon Payment frequency: Quarterly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor :7 years | N.A. |
| 200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each | 2,000.00 | - | Coupon Rate: 13.50% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 6 years & 6 months | N.A. |
| Total Debentures | 6,000.00 | - | | |
| Term Loans from Banks | | | | |
| Term Loan - 1 | - | 416.50 | Repayable in 6 half yearly installments from 30 th December 2015. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 1 | Secured by exclusive charge on specific standard assets portfolio of receivables of the company |
| Term Loan - 2 | 625.00 | 500.00 | Repayable in 20 Quarterly installments from 30 th September 2015. Rate of interest: One Year MCLR + Spread Maturity Period: 2-3 years Remaining no. of installments: 9 | Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi and Mrs Shweta Gandhi |
| Term Loan - 3 | 375.00 | 300.00 | Repayable in 20 Quarterly installments from 30 th September 2015. Rate of interest: One Year MCLR + Spread Maturity Period: 2-3 years Remaining no. of installments: 9 | Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi and Mrs Shweta Gandhi |
| Term Loan - 4 | 1,800.00 | 800.00 | Repayable in 20 Quarterly installments from 30 th September 2016. Rate of interest: One Year MCLR + Spread Maturity Period: 3-4 years Remaining no. of installments: 13 | Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi and Mrs Shweta Gandhi |
| Term Loan - 5 | - | 1,562.39 | Repayable in 36 monthly installments from 7 th February 2016. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 10 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed |
| Term Loan - 6 | 1,891.96 | 1,731.26 | Repayable in 36 monthly installments from 7 th April 2017. Rate of interest: One Year MCLR + Spread Maturity Period: < 2 years Remaining no. of installments: 24 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed |
| Term Loan - 7 | - | 166.67 | Repayable in 36 monthly installments from 31 st August 2015. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 4 | Exclusive hypothecation charge on specific present and future receivables in respect of assets financed/ to be financed by bank. Personal Guarantee of Mr Kamlesh Gandhi and Mr Mukesh Gandhi |
| Term Loan - 8 | - | 347.22 | Repayable in 36 monthly installments from 14 th September 2015. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 5 | Exclusive hypothecation charge on specific present and future receivables in respect of assets financed/ to be financed by bank. Personal Guarantee of Mr Kamlesh Gandhi and Mr Mukesh Gandhi |
| Term Loan - 9 | - | 666.67 | Repayable in 36 monthly installments from 30 th April 2016. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 12 | Exclusive hypothecation charge on specific present and future receivables in respect of assets financed/ to be financed by bank. Personal Guarantee of Mr Kamlesh Gandhi and Mr Mukesh Gandhi |
| Term Loan - 10 | - | 180.49 | Repayable in 11 Quarterly installments from 31 st March 2016. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 2 | Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi |
| Term Loan - 11 | - | 180.97 | Repayable in 11 Quarterly installments from 30 th June 2016. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 2 | Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi |



Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

(₹ in Lakhs)

| Particulars | Non Current | Current | Terms of Redemption/ Repayment | Security |
|---|------------------|------------------|---|---|
| Term Loan - 12 | - | 298.59 | Repayable in 11 Quarterly installments from 30 th September 2016. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 2 | Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi |
| Term Loan - 13 | - | 881.00 | Repayable in 12 Quarterly installments from 30 th March 2016. Rate of interest: One Year MCLR + Spread Maturity Period: < 1 years Remaining no. of installments: 3 | Secured by exclusive charge on receivables of the company created out of the loan availed |
| Term Loan - 14 | 5,000.00 | 2,500.00 | Repayable in 16 Quarterly installments from 30 th June 2017. Rate of interest: One Year MCLR + Spread Maturity Period: 3 years Remaining no. of installments: 12 | Secured by Hypothecation of portfolio of the company created out of the term loan. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi and Mrs Shweta Gandhi |
| Term Loan - 15 | 1,180.56 | 833.33 | Repayable in 36 monthly installments from 01 st September 2017. Rate of interest: One Year MCLR + Spread Maturity Period: 2-3 years Remaining no. of installments: 29 | Exclusive charge by way of hypothecation of the specific receivables/book debts. |
| Term Loan-16 | 2,460.05 | 236.95 | Repayable in 96 monthly installments from 07 th April 2018. Rate of interest: One Year MCLR + Spread Maturity Period: 8-9 years Remaining no. of installments: 96 | Secured by mortgage on land and building |
| Vehicle Loans - 17 | - | 14.38 | Repayable in 36 monthly installments from 10 th August 2015. Rate of interest: Fixed Remaining no. of installments: 4 | Secured by hypothecation of the vehicle financed. |
| Vehicle Loans - 18 | - | 1.87 | Repayable in 36 monthly installments from 15 th August 2015. Rate of interest: Fixed Remaining no. of installments: 4 | Secured by hypothecation of the vehicle financed. |
| Total Term Loans from Banks | 13,332.57 | 11,618.29 | | |
| Term Loans from Others | | | | |
| Term Loans from a Financial Institution - 1 | - | 333.35 | Repayable in 36 monthly installments from 15 th April 2016. Rate of interest: LTLR - Spread Maturity Period: < 1 years Remaining no. of installments: 12 | Secured by hypothecation of book debts created out of the loan availed |
| Term Loans from a Financial Institution - 2 | - | 166.69 | Repayable in 36 monthly installments from 15 th April 2016. Rate of interest: LTLR - Spread Maturity Period: < 1 years Remaining no. of installments: 12 | Secured by hypothecation of book debts created out of the loan availed |
| Term Loans from a Financial Institution - 3 | - | 820.00 | Repayable in 36 monthly installments from 10 th April 2016. Rate of interest: PLR - Spread Maturity Period: < 1 years Remaining no. of installments: 12 | Secured by exclusive first charge by way of hypothecation of specific book debts of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi and Mr Mukesh Gandhi |
| Term Loans from a Financial Institution - 4 | - | 545.46 | Repayable in 11 quarterly installments from 30 th September 2016. Rate of interest: BASE RATE - Spread Maturity Period: 1 years Remaining no. of installments: 4 | Secured by exclusive first charge by way of hypothecation of specific book debts of the company created out of the loan availed |
| Term Loans from a Financial Institution - 5 | 181.82 | 727.27 | Repayable in 11 quarterly installments from 31 st December 2016. Rate of interest: BASE RATE - Spread Maturity Period: 1-2 years Remaining no. of installments: 5 | Secured by exclusive first charge by way of hypothecation of specific book debts of the company created out of the loan availed |
| Term Loans from a Financial Institution - 6 | 1,000.00 | 800.00 | Repayable in 10 quarterly installments from 31 st March 2018. Rate of interest: Base Rate - Spread Maturity Period: 2-3 years Remaining no. of installments: 9 | Secured by exclusive first charge by way of hypothecation of specific book debts of the company created out of the loan availed |
| Total Term Loans from Others | 1,181.82 | 3,392.77 | | |

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

Note 6. Other Long Term Liabilities

| Particulars | (₹ in Lakhs) | |
|--|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 |
| Security deposits received | 34,837.07 | 22,930.73 |
| Interest accrued but not due on security deposits | 1,530.36 | 846.05 |
| Advances received against loan agreements (Refer Note No. 6.1 below) | 565.83 | 774.17 |
| | 36,933.26 | 24,550.95 |

6.1 Advances received against loan agreements are repayable/adjusted over the period of the contract.

Note 7. Long-term Provisions

| Particulars | (₹ in Lakhs) | |
|--|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 |
| Contingent Provision against Standard Assets | 474.63 | 306.38 |
| | 474.63 | 306.38 |

Note 8. Short-term borrowings

| Particulars | (₹ in Lakhs) | |
|-----------------------------|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 |
| Secured | | |
| Loans repayable on demand: | | |
| From Banks: | | |
| Cash Credit and Overdrafts | 18,698.22 | 8,889.70 |
| Short Term Loans: | | |
| From Banks | 73,500.00 | 67,900.00 |
| From Financial Institutions | 1,000.00 | - |
| | 93,198.22 | 76,789.70 |

Note: 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/negative lien by deposit of title deeds on some of the Company's immovable properties, as collateral security. The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi, Mr. Mukesh Chimanlal Gandhi and Mrs. Shweta Kamlesh Gandhi.

Note 9. Other Current Liabilities

| Particulars | (₹ in Lakhs) | |
|---|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 |
| Current Maturities of long-term debt (Refer Note No. 5) | 15,011.05 | 14,576.93 |
| Interest accrued but not due | | |
| Interest accrued but not due on borrowings | 884.52 | 744.24 |
| Interest accrued but not due on others | 955.95 | 1,141.71 |
| Statutory remittances | 375.96 | 328.44 |
| Dues to the assignees towards collections from assigned receivables | 12,995.87 | 11,218.26 |
| Security deposits received | 10,056.55 | 13,178.23 |
| Advances received against loan agreements (Refer Note No. 6.1) | 930.49 | 41.67 |
| Unpaid Dividend on Equity Shares | *0.00 | - |
| | 41,210.39 | 41,229.48 |

*₹ 145/- Unpaid Dividend on Equity Shares

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

Note 10. Short-term Provisions

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|--|--------------------------------------|--------------------------------------|
| Provision for Employee Benefits | | |
| Compensated Absences | 75.57 | 62.43 |
| Other Provisions | | |
| Provision for Tax [net of Advance Tax of ₹ 5,161.04 lakhs, (Previous Year ₹ 3,407.23 lakhs)] | 565.95 | 304.62 |
| Provision for Non-Performing Assets | 973.99 | 459.60 |
| Contingent Provision against Standard Assets | 519.59 | 460.96 |
| | 2,135.10 | 1,287.61 |

Note 11. Property, Plant and Equipments and Intangible assets

(₹ in Lakhs)

| Nature of Assets | Property, Plant and Equipments (a) | | | | | Intangible Assets (b) | | |
|---|------------------------------------|---------------|-------------------|------------------------|---------------|-----------------------|--------------|--------------|
| | Freehold Land | Buildings | Office equipments | Furniture and Fixtures | Vehicles | Total | Software | Total |
| Gross Block | | | | | | | | |
| Balance as at 1 st April 2017 | - | 358.09 | 691.13 | 311.24 | 190.40 | 1,550.86 | 30.03 | 30.03 |
| Additions | 4,530.51 | 356.31 | 73.23 | 86.94 | - | 5,046.99 | 11.59 | 11.59 |
| Disposals | - | - | 10.08 | - | - | 10.08 | - | - |
| Balance As at 31st March 2018 | 4,530.51 | 714.40 | 754.28 | 398.18 | 190.40 | 6,587.77 | 41.62 | 41.62 |
| Accumulated depreciation/ amortisation | | | | | | | | |
| Balance as at 1 st April 2017 | - | 52.33 | 532.38 | 209.18 | 53.91 | 847.80 | 16.87 | 16.87 |
| Depreciation/amortisation expense | - | 9.12 | 55.95 | 26.37 | 21.45 | 112.89 | 7.35 | 7.35 |
| Eliminated on disposal of assets | - | - | 9.58 | - | - | 9.58 | - | - |
| Balance As at 31st March 2018 | - | 61.45 | 578.75 | 235.55 | 75.36 | 951.11 | 24.22 | 24.22 |
| Net Block As at 31st March 2018 | 4,530.51 | 652.95 | 175.53 | 162.63 | 115.04 | 5,636.66 | 17.40 | 17.40 |
| Gross Block | | | | | | | | |
| Balance as at 1 st April 2016 | - | 335.05 | 600.18 | 293.13 | 194.90 | 1,423.26 | 16.03 | 16.03 |
| Additions | - | 23.04 | 102.67 | 38.00 | - | 163.71 | 14.00 | 14.00 |
| Disposals | - | - | 11.72 | 19.89 | 4.50 | 36.11 | - | - |
| Balance as at 31st March 2017 | - | 358.09 | 691.13 | 311.24 | 190.40 | 1,550.86 | 30.03 | 30.03 |
| Accumulated depreciation/ amortisation | | | | | | | | |
| Balance as at 1 st April 2016 | - | 46.80 | 496.89 | 206.31 | 35.96 | 785.96 | 16.03 | 16.03 |
| Depreciation/amortisation expense | - | 5.53 | 46.56 | 20.97 | 22.23 | 95.29 | 0.84 | 0.84 |
| Eliminated on disposal of assets | - | - | 11.07 | 18.10 | 4.28 | 33.45 | - | - |
| Balance as at 31st March 2017 | - | 52.33 | 532.38 | 209.18 | 53.91 | 847.80 | 16.87 | 16.87 |
| Net Block as at 31st March 2017 | - | 305.76 | 158.75 | 102.06 | 136.49 | 703.06 | 13.16 | 13.16 |

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

Note 12. Non-Current Investments (at cost)

(₹ in Lakhs)

| Particulars | Face Value Per Share/ Bond ₹ | As at 31 st March 2018 | | As at 31 st March 2017 | |
|--|------------------------------------|-----------------------------------|-----------------|-----------------------------------|-----------------|
| | | No. of Shares/Bonds | ₹ | No. of Shares/Bonds | ₹ |
| (A) TRADE: | | | | | |
| UNQUOTED | | | | | |
| In Subsidiary Company | | | | | |
| Fully paid up Equity Shares of | | | | | |
| MAS Rural Housing & Mortgage Finance Limited | 10 | 1,07,50,000 | 1,075.00 | 1,07,50,000 | 1,075.00 |
| (B) OTHERS: | | | | | |
| QUOTED | | | | | |
| In Equity Shares (Fully Paid Up): | | | | | |
| Apple Finance Limited | 10 | 100 | 0.02 | 100 | 0.02 |
| Athena Finance Limited | 10 | 1 | (a) 0.00 | 1 | (a) 0.00 |
| Cholamandalam Finance Limited | 10 | 1 | (b) 0.00 | 1 | (b) 0.00 |
| Dena Bank | 10 | 3,209 | 0.88 | 3,209 | 0.88 |
| First Leasing Finance Limited | 10 | 1 | (c) 0.00 | 1 | (c) 0.00 |
| Gujarat Lease Financing Limited | 10 | 125 | 0.05 | 125 | 0.05 |
| HDFC Bank Limited | 2 | 15 | 0.03 | 15 | 0.03 |
| ICICI Bank Limited | 2 | 16 | 0.05 | 15 | 0.05 |
| IndusInd Bank Limited | 10 | 102 | 0.05 | 102 | 0.05 |
| Kotak Mahindra Bank Limited | 5 | 500 | 0.02 | 500 | 0.02 |
| Reliance Capital Limited | 10 | 1 | (d) 0.00 | 1 | (d) 0.00 |
| Reliance Home Finance Limited | 1 | 62 | - | - | - |
| Housing Development Finance Corporation Limited (HDFC) | 2 | 5 | - | 5 | - |
| | | | 1.10 | | 1.10 |
| Less : Provision for diminution | | | (0.47) | | (0.47) |
| | | | 0.63 | | 0.63 |
| UNQUOTED | | | | | |
| In Equity Shares (Fully Paid-Up): | | | | | |
| Cosmos Co-operative Bank Limited | 25 | 277 | 0.07 | 277 | 0.07 |
| Total Non-Current Investment | | | 1,075.70 | | 1,075.70 |
| 1. Aggregate amount of Quoted Investments: | | | | | |
| Cost | | | 1.10 | | 1.10 |
| Market Value | | | 8.12 | | 7.39 |
| 2. Aggregate amount of Unquoted Investments | | | 1,075.07 | | 1,075.07 |

| Particulars | Amount in ₹ | Amount in ₹ |
|-----------------------------------|-------------|-------------|
| (a) Athena Finance Limited | 7.00 | 7.00 |
| (b) Cholamandalam Finance Limited | 52.00 | 52.00 |
| (c) First Leasing Finance Limited | 23.00 | 23.00 |
| (d) Reliance Capital Limited | 77.00 | 77.00 |



Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

Note 13. Deferred Tax Asset

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|---|--------------------------------------|--------------------------------------|
| Tax effect of items constituting Deferred Tax Liability | | |
| 1 Difference between book balance and tax balance of Property, Plant & Equipments and Intangible Assets | (32.98) | (23.97) |
| Total Deferred Tax Liabilities | (32.98) | (23.97) |
| Tax effect of items constituting Deferred Tax Assets | | |
| 1 Provision for non-performing assets | 340.35 | 159.06 |
| 2 Contingent Provision for Standard Assets | 347.42 | 265.56 |
| 3 Provision for Compensated Absences | 26.41 | 21.61 |
| Total Deferred Tax Assets | 714.18 | 446.23 |
| Net Deferred Tax Assets | 681.20 | 422.26 |

Note 14. Loans and Advances

(₹ in Lakhs)

| Particulars | Non Current | | Current | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 | As at 31 st March 2018 | As at 31 st March 2017 |
| (A) Loans to Customers | | | | |
| (i) Secured | | | | |
| Loans | 80,786.96 | 59,606.59 | 85,519.21 | 65,479.63 |
| Retained Interest on securitisation/assignment | 4,648.08 | 2,573.67 | 11,167.11 | 7,956.20 |
| Installments and other dues from borrowers | - | - | 812.22 | 523.28 |
| | 85,435.04 | 62,180.26 | 97,498.54 | 73,959.11 |
| (ii) Unsecured | | | | |
| Loans | 32,889.83 | 14,069.09 | 25,507.61 | 34,707.84 |
| Retained Interest on securitisation/assignment | 251.01 | 82.81 | 1,647.33 | 1,002.79 |
| Installments and other dues from borrowers | - | - | 2,019.03 | 1,856.35 |
| | 33,140.84 | 14,151.90 | 29,173.97 | 37,566.98 |
| Total Loans to Customers (A) | 1,18,575.88 | 76,332.16 | 1,26,672.51 | 1,11,526.09 |
| Notes: | | | | |
| 14.1 Secured exposures are exposures secured wholly or partly by hypothecation of assets and/or undertaking to create a security. | | | | |
| 14.2 Percentage of loans against gold to total assets | - | - | - | 0.0001% |
| 14.3 The Company has advanced loans to its officer. Principal amount of such loans outstandings is: | - | - | - | 2.51 |
| 14.4 Refer Note No. 33 (b) for Loans to Company in which directors are interested | | | | |
| (B) Other Loans and Advances | | | | |
| Unsecured, considered good | | | | |
| (i) Advance Funding | | | | |
| Considered Good | - | - | 5,134.43 | 4,899.07 |
| Considered Provision for Non Performing Assets | - | - | 1.44 | 2.98 |
| | - | - | 5,135.87 | 4,902.05 |
| (ii) Security deposits | 53.80 | 47.77 | 300.00 | - |
| (iii) Advances to employees | - | - | 13.92 | 14.94 |
| (iv) Prepaid expenses | - | - | 9.61 | 325.96 |
| (v) Other Advances | - | - | 5.77 | 11.74 |
| (vi) Gratuity Fund | 27.03 | - | 6.02 | 6.44 |
| (vii) Capital Advances | - | 213.92 | - | - |
| (viii) Balance with Government Authorities | - | - | 66.47 | - |
| (ix) Income tax Receivable | 172.04 | 172.04 | - | - |
| Total Other Loans and Advances (B) | 252.87 | 433.73 | 5,537.66 | 5,261.13 |
| Total Loans and Advances (A) + (B) | 1,18,828.75 | 76,765.89 | 1,32,210.17 | 1,16,787.22 |

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

Note 15. Other Non-Current Assets

(₹ in Lakhs)

| Particulars | Current | |
|---|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 |
| Non-current Bank Balances | | |
| In Fixed Deposit Accounts: | | |
| Deposits given as security against borrowings and other commitments | 241.38 | 762.78 |
| Unamortised Borrowing Costs | 49.89 | 65.08 |
| Interest Accrued but not due on Deposits | 29.29 | 85.55 |
| | 320.56 | 913.41 |

Note 16. Cash and Bank Balances

(₹ in Lakhs)

| Particulars | Current | |
|---|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 |
| (A) Cash and Cash Equivalents | | |
| Cash on Hand | 12.93 | 12.83 |
| Balances with Banks: | | |
| In Current/ Cash Credit Accounts | 3,783.02 | 3,572.92 |
| Total Cash and Cash Equivalents | 3,795.95 | 3,585.75 |
| (As per AS3 Cash Flow Statements) | | |
| (B) Other Bank Balances | | |
| In Current Accounts (Refer Note No. 16.1 below) | 61.27 | 46.32 |
| Unpaid Dividend Bank Balances | *0.00 | - |
| In Fixed Deposit Accounts | | |
| Deposits given as security against borrowings and other commitments | 719.01 | 35.48 |
| Total Other Bank Balances | 780.28 | 81.80 |
| Total Cash and Bank Balances (A + B) | 4,576.23 | 3,667.55 |

Note:

16.1 Balance represents balance with banks in earmarked account i.e. "Collection and Payout Account".

*₹ 145/- Unpaid Dividend Bank Balances

Note 17. Other Current Assets

(₹ in Lakhs)

| Particulars | Current | |
|-----------------------------|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 |
| Unamortised Borrowing Costs | 185.22 | 196.70 |
| Interest Accrued | | |
| On Loans and Advances | 2,411.72 | 1,758.45 |
| On Deposits | 129.68 | 11.57 |
| | 2,541.40 | 1,770.02 |
| Re-possessed Assets | 106.75 | 101.46 |
| | 2,833.37 | 2,068.18 |

Note 18. Revenue from operations

(₹ in Lakhs)

| Particulars | Year ended | |
|--|-----------------------------|-----------------------------|
| | 31 st March 2018 | 31 st March 2017 |
| (a) Income from Financing Activity | | |
| i) Interest | 39,366.07 | 31,475.04 |
| ii) Other Operating Revenue | | |
| Service Charges, Stamp & Document Charges etc. | 3,249.44 | 2,585.03 |
| (b) Income from Non-Financing Activity | 3.43 | 3.08 |
| | 42,618.94 | 34,063.15 |

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

Note 19. Other Income

| Particulars | (₹ in Lakhs) | |
|--|---|---|
| | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| Interest Income: | | |
| On Bank Deposits | 150.92 | 67.58 |
| Dividend Income from Long-Term Investments: | | |
| Subsidiary | 5.38 | - |
| Others | 0.01 | 0.01 |
| Income distribution on Pass Through Certificates | - | 8.97 |
| Rent | 12.00 | 12.00 |
| | 168.31 | 88.56 |

Note 20. Employee Benefits Expense

| Particulars | (₹ in Lakhs) | |
|--|---|---|
| | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| Salaries, Bonus and Allowances | 3,538.99 | 2,452.64 |
| Contributions to Provident & Other Funds (Refer Note No. 31) | 152.29 | 121.25 |
| Staff Welfare Expenses | 36.14 | 50.20 |
| | 3,727.42 | 2,624.09 |

Note 21. Finance Costs

| Particulars | (₹ in Lakhs) | |
|-------------------------------|---|---|
| | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| Interest: | | |
| On Bank Borrowings | 9,926.12 | 9,587.07 |
| On Debentures | 991.99 | 1,479.74 |
| On Others | 3,558.44 | 3,189.90 |
| | 14,476.55 | 14,256.71 |
| Discount on Commercial Papers | - | 176.81 |
| Other Borrowing Costs | 708.25 | 697.97 |
| | 15,184.80 | 15,131.49 |

Note 22. Depreciation and Amortisation

| Particulars | (₹ in Lakhs) | |
|---|---|---|
| | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| Depreciation on Property, Plant & Equipment | 112.89 | 95.28 |
| Amortisation of intangible assets | 7.35 | 0.84 |
| | 120.24 | 96.12 |

Note 23. Provisions and Loan Losses

| Particulars | (₹ in Lakhs) | |
|--|---|---|
| | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| Loss Assets Written Off (Net of Recoveries) | 3,716.38 | 2,151.94 |
| Loss on Sale of Repossessed Assets (Net) | 184.97 | 163.52 |
| Provision for Non-Performing Assets | 514.38 | 65.28 |
| Contingent Provision against Standard Assets | 226.89 | 292.90 |
| | 4,642.62 | 2,673.64 |

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

Note 24. Other Expenses

| Particulars | (₹ in Lakhs) | |
|---|---|---|
| | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| Rent (Refer Note No. 30) | 166.75 | 147.42 |
| Rates & Taxes | 18.93 | 26.99 |
| Stationery & Printing | 71.21 | 74.25 |
| Telephone | 81.53 | 77.46 |
| Electricity | 60.00 | 54.89 |
| Postage & Courier | 71.73 | 68.33 |
| Insurance | 100.02 | 94.65 |
| Conveyance | 190.29 | 233.62 |
| Travelling | 248.32 | 231.43 |
| Repairs & Maintenance: | | |
| Building | 29.99 | 14.71 |
| Others | 128.56 | 90.05 |
| Professional Fees (Refer Note below) | 616.64 | 304.90 |
| Director's Sitting Fees | 6.93 | 4.40 |
| Legal Expenses | 32.54 | 177.08 |
| Bank Charges | 81.46 | 102.69 |
| Commission | 671.25 | 877.73 |
| Advertisement Expenses | 310.17 | 222.06 |
| Sales Promotion Expenses | 89.17 | 67.40 |
| Loss on Sale of Property, Plant & Equipment | 0.37 | 1.24 |
| Donation | 0.05 | - |
| Recovery Contract Charges | 205.09 | 314.19 |
| Corporate Social Responsibility Expenditure (Refer Note No. 28) | 7.62 | 2.90 |
| Miscellaneous Expenses | 118.19 | 130.82 |
| | 3,306.81 | 3,319.21 |
| Note: Payment to Statutory Auditors (including Taxes) | | |
| For Statutory Audit Fees | 24.12 | 17.83 |
| For Other Services | 23.25 | 5.03 |
| | 47.37 | 22.86 |



Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

Note 25. Earnings Per Share

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|---|---|---|
| (A) Basic | | |
| Computation of Profit (Numerator) | | |
| Net Profit for the year | 10,337.42 | 6,737.23 |
| Less: Preference dividend including tax thereon | (15.82) | (395.41) |
| Net Profit for the year attributable to Equity Shareholders | 10,321.60 | 6,341.82 |
| Computation of Weighted Average Number of Shares (Denominator) | Nos. | Nos. |
| Weighted average number of Equity Shares of ₹ 10 each used for calculation of Basic Earnings per Share (Refer note 1 below) | 4,92,80,936 | 4,00,16,510 |
| Basic Earnings per Share of face value of ₹ 10 each (in ₹) | 20.94 | 15.85 |
| (B) Diluted | | |
| Computation of Profit (Numerator) | | |
| Net Profit attributable to Equity Shareholder's as above | 10,321.60 | 6,341.82 |
| Add: Dividend on Compulsorily Convertible Cumulative Preference Shares including tax and Interest Expense on Compulsorily Convertible Debentures net of tax | - | 425.14 |
| Net Profit attributable to Equity Shareholder's (on dilution) | 10,321.60 | 6,766.96 |
| Computation of Weighted Average Number of Shares (Denominator) | Nos. | Nos. |
| Weighted average number of Equity Shares as above (Refer note 1 below) | 4,92,80,936 | 4,00,16,510 |
| Add: Effect of Compulsorily Convertible Cumulative Preference Shares and Compulsorily Convertible Debentures which are dilutive | - | 48,90,451 |
| Weighted average number of Equity Shares for Diluted Earnings per Share | 4,92,80,936 | 4,49,06,961 |
| Diluted Earnings per Share of face value of ₹ 10 each (in ₹) | 20.94 | 15.07 |

Note

- Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share". As per the requirements of AS 20 "Earnings Per Share", the weighted average number of equity shares considered for calculation of Basic and Diluted Earnings per Share.

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

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

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|---|--------------------------------------|--------------------------------------|
| Contingent Liabilities | | |
| I) In respect of disputed Income-tax matters : | - | 28.52 |
| II) Guarantees given on behalf of subsidiary Company : | | |
| a) To banks | | |
| Amount of guarantees ₹ 7,000 lakhs | | |
| Amount of loans outstanding | 1,859.82 | 2,857.44 |
| b) To National Housing Bank (NHB) | | |
| Amount of guarantee ₹ 1,200 lakhs | | |
| Amount of loan outstanding | 759.18 | 892.90 |
| III) Guarantees given to NSE Limited : | | |
| During the year, the Company has given Bank Guarantee to NSE Limited amounting to ₹ 160.04 lakhs as a security deposits in connection with its IPO. | 160.04 | - |
| Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for: | | |
| a) Property, Plant & Equipment | - | 114.85 |
| b) Intangible Assets | - | 8.95 |

27. The Company has incurred various expenditure of ₹ 2,399.91 lakhs during the year and ₹ 2,766.99 lakhs (net of recovery from selling shareholders ₹ 832.50 lakhs) as at 31st March 2018 respectively towards private placement of equity shares, IPO and OFS. The Company has adjusted the expenses incurred to the Security Premium account.

28. Corporate Social Responsibility (CSR) Expenses:

The Gross amount required to be spent by the Company during the year towards Corporate Social Responsibility is ₹ 161.92 lakhs (Previous year: ₹ 124.90 lakhs) as per section 135 of Companies Act, 2013. Details of amount spent towards CSR as below:

(₹ in Lakhs)

| Particulars | In cash | Yet to be paid in cash | Total |
|---|---------|------------------------|-------|
| (i) Construction/acquisition of any assets (Previous Year) | - | - | - |
| (ii) On purposes other than (i) above (Previous Year) | 7.62 | - | 7.62 |
| | 2.90 | - | 2.90 |



Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

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

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

(a) For Securitization Transaction

| | | (₹ in Lakhs) | |
|---------|--|--------------------------------------|--------------------------------------|
| Sr. No. | Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
| 1 | No of SPVs sponsored by the company for securitization transactions | Nil | Nil |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored by the company | Nil | Nil |
| 3 | Total amount of exposures retained by the company to comply with Minimum Retention Requirement (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 | Nil | Nil |
| 4 | Amount of exposures to securitization transactions other than Minimum Retention Requirement (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:- Figures for the previous year are based on the information duly certified by the SPV's auditors obtained by the Company from the SPV.

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

(b) For Assignment Transaction

(₹ in Lakhs)

| Sr. No. | Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|---------|--|--------------------------------------|--------------------------------------|
| 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) | 1,70,454.73 | 1,30,538.91 |
| 3 | Total amount of exposures retained by the company to comply with Minimum Retention Requirement (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 | 17,713.54 | 11,615.47 |
| 4 | Amount of exposures to assignment transactions other than Minimum Retention Requirement (MRR) | | |
| | a) Off-balance sheet exposures | | |
| | i) Exposure to own assignments | | |
| | • First loss | Nil | Nil |
| | • Others | Nil | Nil |
| | ii) Exposure to third party assignments | | |
| | • First loss | Nil | Nil |
| | • Others | Nil | Nil |
| | b) On-balance sheet exposures | | |
| | i) Exposure to own assignments | | |
| | • First loss | Nil | Nil |
| | • Others | Nil | Nil |
| | ii) Exposure to third party assignments | | |
| | • First loss | Nil | Nil |
| | • Others | Nil | Nil |
| | Dues to assignees towards collections from assigned receivables | 12,995.87 | 11,218.26 |

30. Disclosures for operating leases under Accounting Standard 19 – “Accounting for Leases”.

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

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|---|---|---|
| Lease payments recognised in the Statement of Profit and Loss | 166.75 | 147.42 |

Note:-

- i. The Company has given refundable, interest free security deposits under certain agreements.
 1. There are no sub-leases.
 - ii. Certain agreements contain a provision for their renewal.
- (b) The company has let out portions of office premises along with furnitures & fixtures and other amenities on operating lease to its subsidiary MAS Rural Housing & Mortgage Finance Limited. Lease rental income recognised in the Statement of Profit and Loss is as follows:

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|--|---|---|
| Lease rental income recognised in the Statement of Profit and Loss | 12.00 | 12.00 |



Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

31. Employee Benefits

Disclosures as required as per Accounting Standard AS-15 (revised) – “Employee Benefits”, 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.

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|--|--------------------------------------|--------------------------------------|
| A Net liability /(assets) recognised in the Balance Sheet: | | |
| Present value of funded obligation | 159.13 | 117.42 |
| Fair value of plan assets | 191.55 | 123.86 |
| Unrecognised Past Service Cost | (0.63) | - |
| Net liability/(assets) | (33.05) | (6.44) |
| B Expense recognised in the Statement of Profit and Loss for the year: | | |
| Current service cost | 24.80 | 16.23 |
| Interest on obligation | 8.52 | 5.74 |
| Expected return on plan assets | (9.92) | (7.75) |
| Net actuarial losses /(gains) | * 0.00 | 26.30 |
| Recognised Past Service Cost-Vested | 10.58 | - |
| Total expense included in employee benefit expense (Refer Note No. 20) | 33.99 | 40.53 |
| Actual return on Plan assets | 9.01 | 6.76 |
| * Net actuarial losses /(gains) ₹ 178/- | | |
| C Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof: | | |
| Opening defined benefit obligation | 117.41 | 72.21 |
| Service Cost | 24.80 | 16.23 |
| Interest Cost | 8.52 | 5.74 |
| Actuarial losses /(gains) | (0.90) | 25.31 |
| Past service cost | 11.21 | - |
| Benefits paid | (1.91) | (2.08) |
| Closing defined benefit obligation | 159.13 | 117.41 |
| 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 | 123.85 | 102.46 |
| Expected return | 9.92 | 7.75 |
| Actuarial gains / (losses) | (0.91) | (0.99) |
| Contributions by Employer | 60.60 | 16.71 |
| Benefits paid | (1.91) | (2.08) |
| Closing balance of fair value of plan assets | 191.55 | 123.85 |
| E Major categories of plan assets as a percentage of total plan assets: | | |
| Qualifying insurance policy with LIC (Break-up of plan assets not available) | 100% | 100% |
| F Principal actuarial assumptions at the balance sheet date (expressed as weighted averages): | | |
| Discount rate (Refer note 1(b) below) | 7.70% | 7.40% |
| Expected return on plan assets | 7.70% | 7.40% |
| Annual increase in salary costs (Refer note 1(a) below) | 8.00% | 7.00% |

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.
- (c) Overall expected rate of return on assets taken is the rate declared by LIC.

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

2 Defined Contribution Plans

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|---|--------------------------------------|--------------------------------------|
| Amount recognised as an expense and included in Note No. 20 of Statement of Profit and Loss | | |
| Provident Fund | 78.06 | 56.30 |
| Employees' State Insurance Corporation (ESIC) | 32.75 | 7.86 |
| Total | 110.81 | 64.16 |

3 Experience Adjustments

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 | As at 31 st March 2016 | As at 31 st March 2015 | As at 31 st March 2014 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Present value of the defined benefit obligation | 159.13 | 117.42 | 72.21 | 55.90 | 55.10 |
| Fair value of the plan assets | 191.55 | 123.86 | 102.46 | 85.26 | 82.07 |
| Unrecognised Past Service Cost | 0.63 | - | - | - | - |
| Deficit/(Surplus) in the plan | (33.05) | (6.44) | (30.25) | (29.37) | (26.97) |
| Experience (gain) / loss adjustments on plan liabilities | (0.90) | 25.31 | 2.30 | (4.98) | (2.64) |
| Experience (gain) / loss adjustments on plan assets | 0.91 | 0.99 | (0.41) | 0.18 | (0.21) |

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".

33. Related Party Disclosures

(a) Related party disclosures as required by Accounting Standard 18, "Related Party Disclosures".

List of related parties and relationships:

| Sr. No. | Nature of Relationship | |
|---------|---------------------------------------|--|
| 1 | Subsidiary | MAS Rural Housing & Mortgage Finance Limited |
| 2 | Key Management Personnel | Mr. Kamlesh C. Gandhi (Chairman & Managing Director) Mr. Mukesh C. Gandhi (Whole Time Director & Chief Finance Officer) Mrs. Darshana S. Pandya (Director & Chief Operating Officer) |
| 3 | Entities under common control | Swalamb Mass Financial Services Limited Anamaya Capital LLP Kamlesh C. Gandhi (HUF) Prarthna Marketing Private Limited |
| 4 | Relatives of Key Management Personnel | Mrs. Shweta K. Gandhi Mrs. Urmilaben C. Gandhi Mr. Dhvanil K. Gandhi Mr. Saumil D. Pandya |



Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

Related party transactions:

| Sr. No. | Nature of transactions | (₹ in Lakhs) | |
|-----------|---|---|---|
| | | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| 1 | Rent income: | | |
| | MAS Rural Housing & Mortgage Finance Limited | 12.00 | 12.00 |
| 2 | Recovery Contract charges received: | | |
| | MAS Rural Housing & Mortgage Finance Limited | 2.40 | 2.40 |
| 3 | Expenditure reimbursed by: | | |
| | MAS Rural Housing & Mortgage Finance Limited | 26.60 | 116.79 |
| 4 | Remittances of Collection Received on behalf of : | | |
| | MAS Rural Housing & Mortgage Finance Limited | 9.41 | 5.16 |
| 5 | Subscription to compulsorily Convertible Cumulative Preference Shares: | | |
| | Mr. Kamlesh C. Gandhi | - | 25.00 |
| | Mr. Mukesh C. Gandhi | - | 25.00 |
| 6 | Remuneration (Including Bonus): | | |
| | Mr. Kamlesh C. Gandhi | 555.96 | 415.37 |
| | Mr. Mukesh C. Gandhi | 555.64 | 414.67 |
| | Mrs. Darshana S. Pandya | 23.69 | 8.11 |
| | Mr. Saumil D. Pandya | 30.09 | 12.62 |
| | Mr. Dhvanil K. Gandhi | 12.00 | 8.75 |
| 7 | Dividend Received: | | |
| | MAS Rural Housing & Mortgage Finance Limited | 5.38 | - |
| 8 | Dividend Paid: | | |
| | Mr. Mukesh C. Gandhi | 241.66 | 518.60 |
| | Mr. Kamlesh C. Gandhi | 93.64 | 208.76 |
| | Mr. Mukesh C. Gandhi (HUF) | - | 16.29 |
| | Mrs. Shweta K. Gandhi | 245.08 | 539.99 |
| | Mrs. Urmilaben C. Gandhi | - | * 0.00 |
| | Prarthna Marketing Private Limited | 19.58 | 43.14 |
| | Mrs. Darshana S. Pandya | 0.02 | 0.03 |
| | Mr. Saumil D. Pandya | 0.02 | 0.03 |
| | *Mrs. Urmilaben C. Gandhi ₹ 171/- | | |
| 9 | Loan granted: | | |
| | Mrs. Darshana S. Pandya | - | 5.80 |
| 10 | Balance outstanding at the end of the year: | | |
| | Guarantees given to MAS Rural Housing & Mortgage Finance Limited | 8,200.00 | 8,200.00 |
| | However the outstanding amount of loans against which guarantees have been given | 2,619.00 | 3,750.34 |
| | Investment in MAS Rural Housing & Mortgage Finance Limited | 1,075.00 | 1,075.00 |
| | Loan granted Mrs. Darshana S. Pandya | - | 2.51 |
| 11 | Bonus Payable: | | |
| | Mr. Kamlesh C. Gandhi | 30.92 | 24.00 |
| | Mr. Mukesh C. Gandhi | 30.92 | 24.00 |
| | Mrs. Darshana S. Pandya | 0.86 | 0.74 |
| | Mr. Saumil D. Pandya | 1.12 | 0.92 |
| | Mr. Dhvanil K. Gandhi | 0.28 | 0.24 |

Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)

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

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

(₹ in Lakhs)

| Sr. No. | Name | As at 31 st March 2018 | Maximum balance out-standing during the year 2017-18 | As at 31 st March 2017 | Maximum balance out-standing during the year 2016-17 |
|---------|--|-----------------------------------|--|-----------------------------------|--|
| 1 | Paras Capfin Company Private Limited | 1,105.56 | 1,139.31 | 326.54 | 608.59 |
| 2 | M Power Micro Finance Private Limited | 4,791.67 | 4,876.79 | 396.29 | 800.51 |
| 3 | Jain Sons Finlease Limited* | - | - | 2,244.92 | 3,129.04 |
| 4 | Shubham Housing Development Finance Company Private Limited* | - | - | 1,961.80 | 2,750.05 |

*The Director interested in Jain Sons Finlease Limited and Shubham Housing Development Finance Company Private Limited ceased to be a director in MAS Financial Services Limited with effect from 27th February 2017. Hence, the disclosures made are of amount outstanding as on 27th February 2017 and maximum balance outstanding upto that date.

34. The Company has not received any intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year. Hence information relating to amounts due to micro enterprises and small enterprises as required by the Act has not been given.

35. Amounts remitted in foreign currency on account of dividend

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|--|--|--|
| Amount of dividend remitted in foreign currency | | |
| Final Dividend for F.Y. 2016-17 | 28.95 | - |
| Interim Dividend for F.Y. 2017-18 | 7.76 | - |
| Final Dividend for F.Y. 2015-16 | - | 28.95 |
| Interim Dividend for F.Y. 2016-17 | - | 260.58 |
| Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency) | 1 | 3 |
| Total number of Compulsorily Convertible Cumulative Preference Shares held by them on which dividend was due | - | 4,34,71,090 |
| Total number of Equity Shares held by them on which dividend was due | 5,17,303 | 500 |

36. Expenditure in Foreign Currency

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|---------------|--|--|
| Interest Paid | 161.99 | 649.74 |

37. During the year, pursuant to initial public offering (IPO) and Offer For Sale, the Company has offered 1,00,39,277 equity shares out of which:

- (i) 50,92,829 equity shares of ₹ 10/- each were allotted as fresh issue of equity shares. Out of which, 1,69,082 equity shares were allotted to eligible employees at premium of ₹ 404 per share and 49,23,747 equity shares were allotted to public at premium of ₹ 449 per share.
- (ii) 49,46,448 equity shares of ₹ 10/- each were offered for sale by the existing shareholders at premium of ₹ 449 per share.



Notes

Forming Part of The Financial Statements for the year ended 31st March 2018 (contd.)


- 38.** The disclosures required in terms of Annexure XII of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are given in Annexure A forming part of these Financial Statements.
- 39.** The disclosures required in terms of Paragraph 13 of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are given in Annexure B forming part of these Financial Statements.
- 40.** The Board of directors recommended dividend of ₹ 2.16/- per equity share of face value of ₹ 10 each, which is subject to approval by shareholders of the Company.

41. Details of Non-Performing Assets (NPA) and % of Assets Under Management (AUM) are as follow:

(₹ in Lakhs)

| Particulars | As at | As at |
|-----------------------|-----------------------------|-----------------------------|
| | 31 st March 2018 | 31 st March 2017 |
| Gross NPA on AUM | 4,721.15 | 3,454.47 |
| Net NPA on AUM | 3,747.17 | 2,994.86 |
| Gross NPA as % of AUM | 1.15% | 1.09% |
| Net NPA as % of AUM | 0.91% | 0.95% |

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

For and on behalf of the Board of Directors of
 **Financial Services Ltd.**

Darshana S. Pandya
 (Director & Chief Operating Officer)
 (DIN - 07610402)

Kamlesh C. Gandhi
 (Chairman & Managing Director)
 (DIN - 00044852)

Riddhi Bhayani
 (Company Secretary)

Mukesh C. Gandhi
 (Whole Time Director & Chief Financial Officer)
 (DIN - 00187086)

Place: Ahmedabad
 Date : 9th May 2018

Annexure A

(Forming part of the financial statements) Notes for the year ended 31st March 2018 (contd.)

Disclosures required in terms of Annexure XII of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

1. Capital

| Particulars | (₹ in Lakhs) | |
|---|--------------|---------------|
| | Current Year | Previous Year |
| i) CRAR (%) | 31.29 | 22.94 |
| ii) CRAR - Tier I Capital (%) | 29.06 | 16.88 |
| iii) CRAR - Tier II Capital (%) | 2.23 | 6.06 |
| iv) Amount of subordinated debt raised as Tier-II capital | 4,400.00 | 5,600.00 |
| v) Amount raised by issue of Perpetual Debt Instruments | - | - |

2. Investments

| Particulars | (₹ in Lakhs) | |
|--|--------------|---------------|
| | Current Year | Previous Year |
| 1. Value of Investments | | |
| (i) Gross Value of Investments | | |
| (a) In India | 1,076.17 | 1,076.17 |
| (b) Outside India | - | - |
| (ii) Provisions for Depreciation | | |
| (a) In India | 0.47 | 0.47 |
| (b) Outside India | - | - |
| (iii) Net Value of Investments | | |
| (a) In India | 1,075.70 | 1,075.70 |
| (b) Outside India | - | - |
| 2. Movement of provisions held towards depreciation on investments. | | |
| (i) Opening balance | 0.47 | 0.47 |
| (ii) Add : Provisions made during the year | - | - |
| (iii) Less : Write-off / write-back of excess provisions during the year | - | - |
| (iv) Closing balance | 0.47 | 0.47 |

3. Derivatives

The Company has not entered into any Derivative transactions

4. Disclosures relating to Securitisation

Refer Note no. 29 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

| Particulars | (₹ in Lakhs) | |
|--|--------------|---------------|
| | Current Year | Previous Year |
| (i) No. of accounts | 1,59,047 | 1,28,612 |
| (ii) Aggregate value (net of provisions) of accounts sold | 1,79,365.48 | 1,50,804.26 |
| (iii) Aggregate consideration | 1,79,365.48 | 1,50,804.26 |
| (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



Annexure A

(Forming part of the financial statements) Notes for the year ended 31st March 2018 (contd.)

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

(₹ in Lakhs)

| | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 months up to 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 year to 5 years | Over 5 years | Total |
|-------------------------------------|---------------------------------|----------------------------|------------------------------|---------------------------|-------------------------|------------------------|------------------------|--------------|-------------|
| Bank Fixed Deposits | 5.35 | 3.43 | 5.72 | 651.28 | 53.23 | 216.38 | - | 25.00 | 960.39 |
| Advances (Net of Security Deposits) | 23,757.54 | 9,905.84 | 9,792.33 | 28,548.02 | 57,452.72 | 83,308.31 | 12,807.39 | 5,977.28 | 2,31,549.42 |
| Investments | - | - | - | - | - | - | - | - | - |
| Borrowings | 1,860.05 | 662.57 | 3,047.61 | 4,011.57 | 98,627.46 | 12,400.71 | 8,113.68 | - | 1,28,723.65 |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - |

9. Exposure to Real Estate Sector

(₹ 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 ₹ 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). | 13,713.35 | 11,179.04 |

10. Exposure to Capital Market

(₹ in Lakhs)

| 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; | 1,076.17 | 1,076.17 |
| (ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; | Nil | Nil |
| (iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; | Nil | Nil |
| (iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances; | Nil | Nil |
| (v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | Nil | Nil |
| (vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources; | Nil | Nil |
| (vii) Bridge loans to companies against expected equity flows / issues; | Nil | Nil |
| (viii) All exposures to Venture Capital Funds (both registered and unregistered) | Nil | Nil |
| Total Exposure to Capital Market | 1,076.17 | 1,076.17 |

Annexure A

(Forming part of the financial statements) Notes for the year ended 31st March 2018 (contd.)

11. Details of financing of parent company products

Not Applicable

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

- i) Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the non-banking financial company:
Nil
- ii) Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the non-banking financial company:
Nil

13. Unsecured Advances

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

14. Registration number obtained from RBI:

B. 01. 00241

15. Disclosure of Penalties imposed by RBI and other regulators

During the financial year 2017-18 no penalties have been imposed by RBI and other regulators.

16. Related Party Transactions

Refer Note no. 33 to the financial statements.

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

By India Ratings:

| Instrument | Amount | Current Rating | Previous Rating |
|---|--------------------|----------------|------------------------|
| Long term bank facilities (Cash Credit/Term Loan) | ₹ 3,00,000.00 Lakh | IND A (Stable) | No migration of rating |

By ICRA:

| Instrument | Amount | Current Rating | Previous Rating |
|---|-----------------|-------------------|---------------------|
| Long term bank facilities (Cash Credit/Term Loan) | ₹ 5,719.00 Lakh | [ICRA] A (stable) | [ICRA] A-(Positive) |
| Subordinate Debt | ₹ 6,000.00 Lakh | [ICRA] A (stable) | [ICRA] A-(Positive) |

By CRISIL:

| Instrument | Amount | Current Rating | Previous Rating |
|----------------------------|-----------------|------------------|------------------------|
| Commercial paper programme | ₹ 9,500.00 Lakh | 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:

| Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account | (₹ in Lakhs) | |
|--|--------------|---------------|
| | Current Year | Previous Year |
| Provision towards NPA | 514.38 | 65.28 |
| Provision made towards Income tax | 5,727.00 | 3,711.85 |
| Provision for Standard Assets | 226.89 | 292.90 |
| Provision for Employee Benefits | 13.14 | 8.18 |

Annexure A

(Forming part of the financial statements) Notes for the year ended 31st March 2018 (contd.)

20. Concentration of Deposits (for deposit taking NBFCs)

Not Applicable

21. Concentration of Advances

(₹ in Lakhs)

| Particulars | Current Year | Previous Year |
|--|--------------|---------------|
| Total Advances to twenty largest borrowers | 66,233.34 | 44,355.56 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 26.45% | 23.01% |

22. Concentration of Exposures

(₹ in Lakhs)

| Particulars | Current Year | Previous Year |
|--|--------------|---------------|
| Total Exposure to twenty largest borrowers / customers | 62,224.42 | 41,541.48 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers | 26.87% | 23.07% |

23. Concentration of NPAs

(₹ in Lakhs)

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| Total Exposure to top four NPA accounts | 528.07 | 77.81 |

24. Sector-wise NPAs (Gross)

| Sector | % of NPAs to Total Advances in that sector Current Year | % of NPAs to Total Advances in that sector Previous Year |
|-------------------------------------|---|--|
| (i) Agriculture & allied activities | 4.53 | 3.74 |
| (ii) MSME | 1.12 | 1.36 |
| (iii) Corporate borrowers | 1.12 | 0.02 |
| (iv) Services | 2.62 | 1.44 |
| (v) Unsecured personal loans | 3.66 | 4.32 |
| (vi) Auto loans | 2.56 | 1.80 |
| (vii) Other personal loans | - | - |

25. Movement of NPAs

(₹ in Lakhs)

| Particulars | Current Year | Previous Year |
|--|--------------|---------------|
| (i) Net NPAs to Net Advances (%) | 1.28% | 1.29% |
| (ii) Movement of NPAs (Gross) | | |
| (a) Opening balance | 2,957.20 | 2,304.38 |
| (b) Additions during the year | 4,042.34 | 2,936.57 |
| (c) Reductions during the year | 2,798.56 | 2,283.75 |
| (d) Closing balance | 4,200.98 | 2,957.20 |
| (iii) Movement of Net NPAs | | |
| (a) Opening balance | 2,497.60 | 1,910.05 |
| (b) Additions during the year | 3,527.95 | 2,871.30 |
| (c) Reductions during the year | 2,798.56 | 2,283.75 |
| (d) Closing balance | 3,226.99 | 2,497.60 |
| (iv) Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| (a) Opening balance | 459.60 | 394.33 |
| (b) Provisions made during the year | 514.39 | 65.27 |
| (c) Write-off / write-back of excess provisions | - | - |
| (d) Closing balance | 973.99 | 459.60 |

Annexure A

(Forming part of the financial statements) Notes for the year ended 31st March 2018 (contd.)

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

28. Disclosure of Customers Complaints

| Particulars | Current Year | Previous Year |
|--|--------------|---------------|
| (a) No. of complaints pending at the beginning of the year | 2 | 1 |
| (b) No. of complaints received during the year | 39 | 101 |
| (c) No. of complaints redressed during the year | 40 | 100 |
| (d) No. of complaints pending at the end of the year | 1 | 2 |

For and on behalf of the Board of Directors of
AAS Financial Services Ltd.

Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)

Riddhi Bhayani
(Company Secretary)

Place: Ahmedabad
Date : 9th May 2018

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Annexure B

(Forming part of the financial statements) Notes for the year ended 31st March 2018

Information as required in terms of Paragraph 13 of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | |
|--|--|----------------|
| | Amount Outstanding | Amount Overdue |
| Liabilities side : | | |
| 1. Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but not paid | | |
| (a) Debentures : Secured | Nil | Nil |
| : Unsecured (other than falling within the meaning of Public deposits*) | 6,010.36 | Nil |
| (b) Deferred Credits | Nil | Nil |
| (c) Term Loans | 29,664.72 | Nil |
| (d) Inter-corporate loans and borrowing | Nil | Nil |
| (e) Commercial Paper | Nil | Nil |
| (f) Other Loans: | | |
| From Banks | 93,522.02 | Nil |
| From a Company | Nil | Nil |
| Security Deposits | 47,379.94 | Nil |
| Advances received against loan agreements | 1,496.32 | Nil |
| *Please see note 1 Below | | |

Amount Outstanding

| | | |
|--|--|-------------|
| Assets side: | | |
| 2 Break-up of Loans and Advances including bills receivables (other than those included in (4) below) | | |
| (a) Secured | | 1,82,933.57 |
| (b) Unsecured | | 67,450.68 |

Amount Outstanding

| | | |
|---|--|----|
| 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 | | NA |
| (b) Operating lease | | NA |
| (ii) Stock on hire including hire charges under sundry debtors : | | |
| (a) Assets on hire | | NA |
| (b) Repossessed Assets | | NA |
| (iii) Other loans counting towards AFC activities | | |
| (a) Loans where assets have been Repossessed | | NA |
| (b) Loans other than (a) above | | NA |

Annexure B

(Forming part of the financial statements) Notes for the year ended 31st March 2018 (contd.)

| | | Amount Outstanding |
|----------|--------------------------------|--------------------|
| 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 |
| | (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 | Nil |
| | (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 (please specify) | Nil |

| | | Amount net of provisions | | |
|--------------|---------------------------------|--------------------------|------------------|--------------------|
| Category | | 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 | 1,82,933.57 | 67,450.68 | 2,50,384.25 |
| Total | | 1,82,933.57 | 67,450.68 | 2,50,384.25 |



Annexure B

(Forming part of the financial statements) Notes for the year ended 31st March 2018 (contd.)

| Category | | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
|--------------|--|--|--------------------------------|
| 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 | | |
| 1. | Related Parties** | | |
| | (a) Subsidiaries (Refer Note below) | 1,669.65 | 1,075.00 |
| | (b) Companies in the same group | Nil | Nil |
| | (c) Other related parties | Nil | Nil |
| 2. | Other than related Parties | 8.19 | 0.70 |
| Total | | 1,677.84 | 1,075.70 |

**As per Accounting Standard of ICAI (Please see Note 3)

Note: Subsidiary Company being unlisted, value is derived based upon the net asset value as shown in the subsidiary company balance sheet as on 31st March 2018.

| Particulars | Amount Outstanding |
|---|--------------------|
| 7 Other information | |
| (i) Gross Non-Performing Assets | |
| (a) Related parties | Nil |
| (b) Other than related parties | 4,200.98 |
| (ii) Net Non-Performing Assets | |
| (a) Related parties | Nil |
| (b) Other than related parties | 3,226.99 |
| (iii) Assets acquired in satisfaction of debt | 106.75 |

Notes:

- As defined in paragraph 2 (1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms are applicable as prescribed in the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.
- 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 shall be disclosed irrespective of whether they are classified as long term or current in (4) above.

For and on behalf of the Board of Directors of
HAS Financial Services Ltd.

Darshana S. Pandya

(Director & Chief Operating Officer)
(DIN - 07610402)

Riddhi Bhayani

(Company Secretary)

Place: Ahmedabad

Date : 9th May 2018

Kamlesh C. Gandhi

(Chairman & Managing Director)
(DIN - 00044852)

Mukesh C. Gandhi

(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Independent Auditor's Report

TO THE MEMBERS OF HFS FINANCIAL SERVICES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HFS FINANCIAL SERVICES LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditor in terms of their report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiary, the aforesaid consolidated 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 Standards and Other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs. 21,644.43 lacs as at 31st March 2018, total revenues of Rs. 2,726.38 lacs and net cash inflows amounting to Rs.74.79 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matter with respect to our reliance on the work done and report of other auditor.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company, none of the directors of the Group companies is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**", which is based on the auditors' reports of the Holding company and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's / subsidiary company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - (ii) The Group 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 Holding Company and its subsidiary company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Place: Ahmedabad
Date: 9th May 2018

Kartikeya Raval
Partner
Membership No. 106189

Annexure “A”

TO THE INDEPENDENT AUDITOR'S REPORT

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of MAS Financial Services Limited (hereinafter referred to as “the Holding Company”) and its subsidiary company, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the aforesaid entities.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor referred to in the Other Matters paragraph below, the Holding Company and its subsidiary company, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to subsidiary company, is based on the corresponding report of the auditor of that company.

Our opinion is not modified in respect of the above matters.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Place: Ahmedabad
Date: 9th May 2018

Kartikeya Raval
Partner
Membership No. 106189

Consolidated Balance Sheet

as at 31st March 2018

(₹ in Lakhs)

| Particulars | Notes | As at 31 st March 2018 | As at 31 st March 2017 |
|--|-------|--------------------------------------|--------------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share Capital | 3 | 5,466.20 | 9,042.72 |
| Reserves and Surplus | 4 | 66,520.53 | 24,125.73 |
| | | 71,986.73 | 33,168.45 |
| Minority Interest | | 1,131.37 | 1,049.83 |
| Preference Shares issued by subsidiary company outside the group | 5 | 400.00 | 400.00 |
| Compulsorily Convertible Debentures (Unsecured) | 3.5 | - | 4,998.00 |
| Non-current liabilities | | | |
| Long-term borrowings | 6 | 31,986.19 | 31,089.12 |
| Deferred Tax Liabilities (Net) | 7A | 63.78 | 56.49 |
| Other Long-term Liabilities | 8 | 37,948.50 | 25,204.52 |
| Long-term provisions | 9 | 557.01 | 370.43 |
| | | 70,555.48 | 56,720.56 |
| Current liabilities | | | |
| Short-term borrowings | 10 | 93,204.75 | 76,798.91 |
| Trade payables : | | | |
| Total outstanding dues of micro and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro and small enterprises | | 360.70 | 275.91 |
| Other current liabilities | 11 | 46,922.59 | 45,314.68 |
| Short-term provisions | 12 | 2,187.87 | 1,338.92 |
| | | 1,42,675.91 | 1,23,728.42 |
| Total | | 2,86,749.49 | 2,20,065.26 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipments | 13(a) | 5,758.98 | 860.64 |
| Intangible assets | 13(b) | 19.07 | 13.79 |
| | | 5,778.05 | 874.43 |
| Non-current investments | 14 | 0.70 | 0.70 |
| Deferred tax assets (net) | 7B | 681.20 | 422.26 |
| Long-term loans and advances | 15 | 1,35,349.68 | 88,397.20 |
| Other non-current assets | 16 | 378.52 | 948.14 |
| | | 1,36,410.10 | 89,768.30 |
| Current assets | | | |
| Cash and bank balances | 17 | 5,721.74 | 4,736.60 |
| Short-term loans and advances | 15 | 1,35,862.25 | 1,22,487.51 |
| Other current assets | 18 | 2,977.35 | 2,198.42 |
| | | 1,44,561.34 | 1,29,422.53 |
| Total | | 2,86,749.49 | 2,20,065.26 |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Kartikeya Raval
Partner

Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)

Riddhi Bhayani
(Company Secretary)

Place : Ahmedabad
Date : 9th May 2018

Place: Ahmedabad
Date : 9th May 2018

For and on behalf of the Board of Directors of
HASKINS & SELLS Financial Services Ltd.

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)



Consolidated Statement of Profit & Loss

for the year ended 31st March 2018

| Particulars | Notes | (₹ in Lakhs) | |
|--|-------|---|---|
| | | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| INCOME | | | |
| Revenue from Operations | 19 | 45,302.10 | 36,374.62 |
| Other Income | 20 | 194.15 | 95.57 |
| Total Income | | 45,496.25 | 36,470.19 |
| EXPENSES | | | |
| Employee Benefits Expense | 21 | 4,155.03 | 2,938.78 |
| Finance Costs | 22 | 16,729.09 | 16,429.45 |
| Depreciation and Amortisation Expense | 23 | 164.03 | 137.67 |
| Provisions and Loan Losses | 24 | 4,725.13 | 2,722.37 |
| Other Expenses | 25 | 3,580.01 | 3,643.02 |
| Total Expenses | | 29,353.29 | 25,871.29 |
| Profit Before Tax | | 16,142.96 | 10,598.90 |
| Tax Expense: | | | |
| Current Tax | | 5,813.40 | 3,776.10 |
| (Excess) / Short provision for tax relating to prior years | | (0.69) | (1.82) |
| Net current tax expense | | 5,812.71 | 3,774.28 |
| Deferred Tax | | (251.64) | (107.30) |
| Net tax expense | | 5,561.07 | 3,666.98 |
| Profit after tax before share of profit attributable to minority interest | | 10,581.89 | 6,931.92 |
| Less: Share of profit attributable to minority Interest | | (100.92) | (78.64) |
| Profit for the year attributable to the shareholders of the Company | | 10,480.97 | 6,853.28 |
| Earnings per share (of ₹ 10 each) | 26 | | |
| Basic | | 21.12 | 16.14 |
| Diluted | | 21.12 | 15.33 |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells
 Chartered Accountants

Kartikeya Raval
 Partner

Darshana S. Pandya
 (Director & Chief Operating Officer)
 (DIN - 07610402)

Riddhi Bhayani
 (Company Secretary)

Place : Ahmedabad
 Date : 9th May 2018

Place: Ahmedabad
 Date : 9th May 2018

For and on behalf of the Board of Directors of
AAAS Financial Services Ltd.

Kamlesh C. Gandhi
 (Chairman & Managing Director)
 (DIN - 00044852)

Mukesh C. Gandhi
 (Whole Time Director & Chief Financial Officer)
 (DIN - 00187086)

Consolidated Cash Flow Statement

for the year ended 31st March 2018

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|---|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax | 16,142.96 | 10,598.90 |
| Adjustments for : | | |
| Depreciation and Amortisation | 164.03 | 137.65 |
| Finance Costs | 16,729.09 | 16,429.46 |
| Provision for Non Performing Assets | 520.25 | 74.38 |
| Contingent Provision against Standard Assets | 239.65 | 315.62 |
| Loss Assets Written Off (Net) | 3,780.26 | 2,168.85 |
| Loss on Sale of Property, Plant & Equipments and Intangible Assets | 0.37 | 1.24 |
| Loss on Sale of Repossessed Assets | 184.97 | 163.52 |
| Interest Income | (45,302.10) | (36,374.62) |
| Interest Income from Investments and Deposits | (192.65) | (86.59) |
| Dividend Income | (0.01) | (0.01) |
| Income on distribution on PTC | - | (8.96) |
| | (23,876.14) | (17,179.46) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | (7,733.18) | (6,580.56) |
| Changes in Working Capital: | | |
| Adjustments for (increase)/decrease in operating assets: | | |
| Loans and Advances | (64,346.50) | (39,989.06) |
| Other Current and Non-Current Assets | (206.89) | (204.06) |
| Adjustments for increase/(decrease) in operating liabilities: | | |
| Trade Payables | 84.79 | (193.18) |
| Security Deposits from Borrowers | 9,297.52 | 9,502.69 |
| Advance from Borrowers | 697.20 | 665.03 |
| Other Current Liabilities | 1,826.84 | 3,289.95 |
| Short Term Provisions | 14.29 | 10.03 |
| | (52,632.75) | (26,918.60) |
| CASH GENERATED FROM / (USED IN) OPERATIONS | (60,365.93) | (33,499.16) |
| Finance Costs paid | (16,044.35) | (15,302.26) |
| Income Tax Paid (Net) | (5,761.85) | (3,717.29) |
| Interest Income Received | 44,643.86 | 36,091.56 |
| | 22,837.66 | 17,072.01 |
| NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES [A] | (37,528.27) | (16,427.15) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital expenditure on Property, Plant & Equipments and Intangible Assets, including capital advances | (4,854.23) | (405.99) |
| Proceeds from sale of Property, Plant & Equipments and Intangible Assets | 0.13 | 1.42 |
| Bank balances not considered as Cash and Cash Equivalents | | |
| - Fixed Deposits Matured | 7,710.91 | 4,785.00 |
| - Fixed Deposits Placed | (7,873.04) | (4,846.12) |
| Interest Income from Investments and Deposits | 130.80 | 49.61 |
| Income on distribution on PTC held as non-current investments | - | 8.97 |
| Proceeds from redemption of Long Term Investments | - | 26.63 |
| Dividend Income | 0.01 | 0.01 |
| | (4,885.42) | (380.47) |
| NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES [B] | (4,885.42) | (380.47) |



Consolidated Cash Flow Statement

for the year ended 31st March 2018 (contd.)

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|--|---|---|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Shares | 26,799.99 | 10,000.00 |
| Shares Issue Expenses | (2,164.33) | (602.66) |
| Proceeds from Issue of Convertible Cumulative Preference Shares | - | 400.00 |
| Proceeds from Issue of Preference Shares to Minority Shareholders | - | 200.00 |
| Proceeds from Long Term Borrowings | 25,000.98 | 15,250.00 |
| Proceeds from Issue of Commercial Papers | - | 7,342.01 |
| Redemption of Commercial Papers | - | (7,500.00) |
| Repayments of Long Term Borrowings | (22,263.65) | (22,408.02) |
| Net Increase / (Decrease) in Working Capital Borrowings | 16,405.84 | 2,687.32 |
| Dividends paid including Dividend Distribution Tax | (1,080.16) | (1,988.51) |
| NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES [C] | 42,698.67 | 3,380.14 |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | 284.98 | (13,427.48) |
| Cash and Cash Equivalents at the beginning of the year | 4,653.25 | 18,080.73 |
| Cash and Cash Equivalents at the end of the year (Refer Note 17(A)) | 4,938.23 | 4,653.25 |

| | As at 31 st March 2018 | As at 31 st March 2017 |
|--|--------------------------------------|--------------------------------------|
| Notes: | | |
| 1 Cash and bank balances at the end of the year comprises: | | |
| (a) Cash on Hand | 23.48 | 20.98 |
| (b) Balances with banks | 4,914.75 | 4,632.27 |
| Cash and Cash Equivalents as per Cash Flow Statement | 4,938.23 | 4,653.25 |
| Other Bank Balances (Refer Note 17) | 783.51 | 83.35 |
| Cash and Bank Balance as per Balance Sheet | 5,721.74 | 4,736.60 |
| 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. | | |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Kartikeya Raval
Partner

Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)

Riddhi Bhayani
(Company Secretary)

Place : Ahmedabad
Date : 9th May 2018

Place: Ahmedabad
Date : 9th May 2018

For and on behalf of the Board of Directors of
₹ Financial Services Ltd.

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018

1 CORPORATE INFORMATION

MAS Financial Services Limited ("the Company/the Holding Company") together with its subsidiary MAS Rural Housing & Mortgage Finance Limited, hereinafter referred to as 'the Group' are public companies domiciled in India. The Company is registered as a Non-Banking Finance Company (NBFC) with Reserve Bank of India. MAS Rural Housing & Mortgage Finance Limited is registered as a Housing Finance Company (HFC) with National Housing Bank (NHB). The Group is engaged in the business of providing Micro Enterprise Loans, SME Loans, Two Wheeler Loans, Commercial Vehicle Loans, Agri-based Loans, Loans to Micro Financial Institutions (MFI) and NBFCs and housing finance by way of providing housing loans, commercial loans and project loans for real estate projects to customers especially in the segment of Affordable Housing in Rural & Urban areas. During the year, the equity shares of the Company were listed on BSE Limited and National Stock Exchange Limited pursuant to the Initial Public Offering ("IPO") and Offer of Sale ("OFS").

2 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiary (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the Act"). The consolidated financial statements have been prepared on accrual basis under the historical cost convention. Further, the Group follows the prudential norms for income recognition and provisioning for Non-performing Assets as prescribed by the Reserve Bank of India / National Housing Bank for Non-Banking Financial Companies / Housing Finance Companies. Loans to customers outstanding at the close of the year are stated net of amounts written off. The Group assesses all receivables for their recovery and accordingly provisions for non-performing assets are enhanced as considered necessary, based on past experience emerging trends and estimates. The accounting policies adopted in the preparation

of the consolidated financial statements are consistent with those followed in the previous year.

Amounts less than ₹ 500 have been shown as actual by way of referencing against the particular line item.

B. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to MAS Financial Services Limited and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as that of the Company i.e. 31st March 2018.
- The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered.
- The excess of share of equity of the Group in the subsidiary company as on the date of investments over the cost of investments of the Group in the subsidiary company is recognised as 'Capital Reserve on Consolidation' and shown under the head 'Reserves & Surplus', in the consolidated financial statements.
- Minority Interest in the net assets of the consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary company were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit for the period of the subsidiary attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to the shareholders of the Company.

- e) The following subsidiary company has been considered in the preparation of the consolidated financial statements:

| Name of the entity | Relationship | Country of Incorporation | Ownership held by | % of Holding and voting power as at | |
|--|--------------------|--------------------------|--------------------------------|-------------------------------------|-----------------------------|
| | | | | 31 st March 2018 | 31 st March 2017 |
| MAS Rural Housing and Mortgage Finance Limited | Subsidiary Company | India | MAS Financial Services Limited | 59.61% | 59.61% |

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

- f) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's standalone financial statements.

C. USE OF ESTIMATES

The preparation of the consolidated 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 period. The Management believes that the estimates used in preparation of the consolidated 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.

D. PROPERTY, PLANT AND EQUIPMENTS & INTANGIBLE ASSETS

Property, Plant & Equipments and Intangible Assets are carried at cost, less accumulated depreciation/ amortisation and impairment losses, if any. The cost of Property, Plant & Equipments and Intangible 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 Property, Plant & Equipments and Intangible Assets after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

E. DEPRECIATION AND AMORTISATION

Depreciable amount for assets is the cost of an asset less its estimated residual value. Depreciation on Property, Plant & Equipments has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act. In respect of Property, Plant & Equipments 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 amortised equally over a period of three years from the year of purchase.

F. 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 condensed consolidated 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 an 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 condensed consolidated statement of profit and loss.

G. INVESTMENTS

Long term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

H. GOVERNMENT GRANTS

Subsidies related to depreciable Property, Plant & Equipments are treated as deferred income which is recognised in the consolidated 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 consolidated financial statements as "Deferred Subsidy".

I. REVENUE RECOGNITION

The Group follows accrual basis of accounting for its income and expenditure except income on assets classified as non-performing assets, which is in accordance with the guidelines issued by the Reserve Bank of India / National Housing Bank for Non-Banking Financial Companies / Housing 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. In respect of the subsidiary company, Equated Monthly Instalments (EMIs) commence once the entire loan is disbursed. Pending commencement of EMIs, pre EMI interest is payable every month.

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Service charges, Processing Fees and stamp and documentation charges are recognised as income at the commencement of the contract. In respect of the subsidiary company, processing fees which are refunded on rejection of application are recognised as an expense in the period the same are refunded.

Income from Assignment of receivables

At Par Structure

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

J. OTHER INCOME

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

K. 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.

L. EMPLOYEE BENEFITS

Defined contribution plans

Contribution to provident fund and employee state insurance scheme by the entities in the Group 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 consolidated statement of profit and loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Consolidated 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 scheme.

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 period 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.

M. BORROWING COSTS

Borrowing Costs include interest and amortisation of other ancillary costs incurred in connection with borrowings. Costs incurred in connection with borrowing of funds to the extent not directly related to acquisition of a qualifying asset are charged to the condensed consolidated statement of profit and loss over the tenure of the loan.

Certain Share Issue Expenses are being adjusted against the Securities Premium Account.

N. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit 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. Potential equity shares

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

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. 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.

O. TAXES ON INCOME

Current tax is determined on the basis of taxable income computed for each of the entities in the Group in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961.

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

P. 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.

Q. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit 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 Group are segregated based on the available information.

R. 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 consolidated statement of profit and loss on a straight-line basis over the lease term.

S. PROVISIONS AND CONTINGENCIES

A provision is recognised when the Group 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 consolidated financial statements.

T. OPERATING CYCLE

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Note 3. Share Capital

| Particulars | (₹ in Lakhs) | |
|---|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 |
| Authorized Shares: | | |
| 6,40,00,000 Equity Shares of ₹ 10 each (As at 31 st March 2017: 6,40,00,000 Equity Shares of ₹ 10 each) | 6,400.00 | 6,400.00 |
| 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 st March 2017: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) | 2,200.00 | 2,200.00 |
| 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 st March 2017: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) | 2,200.00 | 2,200.00 |
| 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each (As at 31 st March 2017: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each) | 400.00 | 400.00 |
| | 11,200.00 | 11,200.00 |
| Issued, Subscribed and Fully Paid-Up Shares: | | |
| 5,46,62,043 Equity Shares of ₹ 10 each fully paid-up (As at 31 st March 2017: 4,29,56,182 Equity Shares of ₹ 10 each fully paid-up) | 5,466.20 | 4,295.62 |
| - 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 st March 2017: 2,17,35,545 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) | - | 2,173.55 |
| - 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 st March 2017: 2,17,35,545 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) | - | 2,173.55 |
| - 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each (As at 31 st March 2017: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each) | - | 400.00 |
| | 5,466.20 | 9,042.72 |

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 31 st March 2018 | | As at 31 st March 2017 | |
|---|-----------------------------------|-----------------|-----------------------------------|-----------------|
| | No. of Shares | (₹ in Lakhs) | No. of Shares | (₹ in Lakhs) |
| Equity Shares | | | | |
| Outstanding at the beginning of the year | 4,29,56,182 | 4,295.62 | 1,60,00,125 | 1,600.01 |
| Issued during the year (Refer Note No. 3.2 and 3.3) | 1,17,05,861 | 1,170.58 | 29,55,869 | 295.59 |
| Bonus issue during the year | - | - | 2,40,00,188 | 2,400.02 |
| Outstanding at the end of the year | 5,46,62,043 | 5,466.20 | 4,29,56,182 | 4,295.62 |
| 13.31% Compulsorily Convertible Cumulative Preference Shares | | | | |
| Outstanding at the beginning of the year | 2,17,35,545 | 2,173.55 | 2,17,35,545 | 2,173.55 |
| Less: Converted into Equity Shares (Refer Note No. 3.3) | (2,17,35,545) | (2,173.55) | - | - |
| Outstanding at the end of the year | - | - | 2,17,35,545 | 2,173.55 |
| 0.01% Compulsorily Convertible Cumulative Preference Shares | | | | |
| Outstanding at the beginning of the year | 2,17,35,545 | 2,173.55 | 2,17,35,545 | 2,173.55 |
| Less: Converted into Equity Shares (Refer Note No. 3.3) | (2,17,35,545) | (2,173.55) | - | - |
| Outstanding at the end of the year | - | - | 2,17,35,545 | 2,173.55 |
| 9.75% Compulsorily Convertible Cumulative Preference Shares | | | | |
| Outstanding at the beginning of the year | 400 | 400.00 | - | - |
| Issued during the year | - | - | 400 | 400.00 |
| Less: Converted into Equity Shares (Refer Note No. 3.3) | (400) | (400.00) | - | - |
| Outstanding at the end of the year | - | - | 400 | 400.00 |

3.2 Issue of Share Capital

- (a) Pursuant to the Private Placement offer letter ("Offer Document") dated 30th March 2017, the Company has allotted 10,34,553 number of equity shares on 19th April 2017 having face value of ₹ 10/- per share at a premium of ₹ 328.31/- per share under the second tranche of the Offer Document. The Company has raised total of ₹ 13,500 lakhs towards private placement offer letter as of date.



Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

- (b) Pursuant to the Initial Public Offering ("IPO"), the Company has allotted 50,92,829 equity shares of ₹ 10/- each as fresh issue of equity shares. Out of which, 1,69,082 equity shares were allotted to eligible employees at premium of ₹ 404 per share and 49,23,747 were allotted to public at premium of ₹ 449 per share.
- (c) Pursuant to the conversion of various compulsorily convertible instruments as mentioned in Note 3.3 below, the Company has issued and allotted 55,78,479 equity shares to the convertible instrument holders. Out of converted equity shares, 49,46,448 equity shares were offered for sale by the convertible instrument holders.

3.3 Conversion of Compulsorily Convertible Instruments

All the compulsorily convertible instruments were converted into Equity Shares as per agreements, amended from time to time, in the following manner:

- (a) 0.01% Compulsorily Convertible Cumulative Preference Shares were converted into 17,39,865 Equity Shares having face value of ₹ 10/- each at a premium of ₹ 114.93/share;
- (b) 13.31% Compulsorily Convertible Cumulative Preference Shares were converted into 12,80,723 Equity Shares having face value of ₹ 10/- each at a premium of ₹ 159.71/share;
- (c) 9.75% Compulsorily Convertible Cumulative Preference Shares were converted into 87,716 Equity Shares having face value of ₹ 10/- each at a premium of ₹ 446/share; and
- (d) 13% Compulsorily Convertible Debentures were converted into 24,70,175 Equity Shares having face value of ₹ 10/- at a premium of ₹ 192.33/share.

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

| Class of shares / Name of shareholder | As at 31 st March 2018 | | As at 31 st March 2017 | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 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 | 62,64,081 | 11.46% | 62,42,818 | 14.53% |
| Shweta Kamlesh Gandhi | 1,63,38,450 | 29.89% | 1,63,38,450 | 38.04% |
| Mukesh C. Gandhi | 1,61,51,664 | 29.55% | 1,61,10,450 | 37.50% |
| M/s. Motilal Oswal Financial Services Limited | - | - | 23,64,695 | 5.51% |
| Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund | 28,53,993 | 5.22% | - | - |
| Vistra Itcl I Ltd Business Excellence Turst Iii Inidia Business | 39,90,422 | 7.30% | - | - |
| 0.01% Compulsorily Convertible Cumulative Preference Shares | | | | |
| Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V | - | - | 2,17,35,545 | 100.00% |
| 13.31% Compulsorily Convertible Cumulative Preference Shares | | | | |
| Sarva Capital LLC (formerly known as Lok Capital II LLC) | - | - | 2,17,35,545 | 100.00% |
| 9.75% Compulsorily Convertible Cumulative Preference Shares | | | | |
| Viraj Amar Patel | - | - | 125 | 31.25% |
| G N G Investment Limited | - | - | 25 | 6.25% |
| Pranav Natwarlal Shah | - | - | 25 | 6.25% |
| Minesh Shah | - | - | 25 | 6.25% |
| Reena Mehta | - | - | 25 | 6.25% |
| Asha Dineshchandra Gawarvala | - | - | 50 | 12.50% |
| Sutaria Devendrakumar S | - | - | 25 | 6.25% |
| Capitalsquare Advisors Private Limited | - | - | 25 | 6.25% |

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

- (a) 60,00,000 Equity Shares of ₹ 10 each fully paid-up were allotted as bonus shares by capitalisation of Capital Redemption Reserve during 2013-14
- (b) 2,40,00,188 Equity Share of ₹ 10 each fully paid-up were allotted as bonus shares by capitalisation of free reserves during 2016-17

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Note 4. Reserves and Surplus

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|--|--------------------------------------|--------------------------------------|
| Reserve u/s. 45-IA of RBI Act, 1934 | | |
| Outstanding at the beginning of the year | 5,847.97 | 4,500.52 |
| Additions during the year | 2,067.48 | 1,347.45 |
| Outstanding at the end of the year | 7,915.45 | 5,847.97 |
| Reserve fund u/s. 29-C of NHB Act, 1987: | | |
| Opening Balance | | |
| a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987 | 1.80 | 1.80 |
| 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 | 151.98 | 113.12 |
| c. Total | 153.78 | 114.92 |
| Addition / Appropriation / Withdrawal during the period | | |
| 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 | 46.67 | 38.86 |
| Closing Balance | | |
| a. Statutory Reserve u/s 29C of the National Housing Bank Act, 1987 | 1.80 | 1.80 |
| 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 | 198.65 | 151.98 |
| c. Total | 200.45 | 153.78 |
| Securities Premium Account | | |
| Outstanding at the beginning of the year | 9,655.51 | 318.18 |
| Additions during the year | 35,374.52 | 9,704.41 |
| Less: Utilised for Initial Public Offer expenses (Refer Note 28) | (2,399.91) | (367.08) |
| Outstanding at the end of the year | 42,630.12 | 9,655.51 |
| General Reserve | | |
| Outstanding at the beginning of the year | - | 1,263.64 |
| Less : Utilised for issue of bonus shares | - | (1,263.64) |
| Outstanding at the end of the year | - | - |
| Capital Reserve on Consolidation | | |
| Outstanding at the beginning of the year | 12.72 | 12.72 |
| Outstanding at the end of the year | 12.72 | 12.72 |
| Surplus in Statement of Profit and Loss | | |
| Outstanding at the beginning of the year | 8,455.75 | 5,988.62 |
| Less: Utilised for issue of bonus shares | - | 1,136.38 |
| Add: Profit for the year | 10,480.97 | 6,853.28 |
| | 18,936.72 | 11,705.52 |
| Less: Dividend on preference shares issued by subsidiary company outside the Group (including tax thereon) | (22.19) | - |
| | 18,914.53 | 11,705.52 |
| Less :Appropriations: (Refer Note 4.1 below) | | |
| Transfer to Reserve u/s. 45-IA of RBI Act,1934 | (2,067.48) | (1,347.45) |
| Reserve u/s.29-C of NHB Act,1987 & Special Reserve U/s 36(1)(viii) of Income Tax Act,1961 | (46.67) | (38.86) |
| Interim Dividend on Equity Shares | (819.93) | (1,250.01) |
| Interim Dividend on Preference Shares | (13.14) | (299.56) |
| Dividend on Preference Shares | (28.95) | - |
| Dividend distribution tax on preference dividend | (8.57) | (59.38) |
| Dividend distribution tax on equity dividend | (168.00) | (254.51) |
| Total Appropriations | (3,152.74) | (3,249.77) |
| Net Surplus in Statement of Profit and Loss | 15,761.79 | 8,455.75 |
| Total Reserves and Surplus | 66,520.53 | 24,125.73 |



Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Note No. 4.1 Special Reserve has been created in terms of Section 36(1) (viii) of the Income Tax Act, 1961 out of the distributable profits of Subsidiary Company. As per Section 29C of NHB Act, 1987, the Subsidiary Company is required to transfer at least 20% of its net profits prior to distribution of the dividend every year to a reserve. For this purpose any Special Reserve created by the Subsidiary Company in terms of Section 36(1) (viii) of the Income Tax Act, 1961 is considered an eligible transfer.

Note 5. Preference Shares issued by the Subsidiary Company outside the group

(₹ in Lakhs)

| Particulars | As at | |
|---|-----------------------------|-----------------------------|
| | 31 st March 2018 | 31 st March 2017 |
| 40,00,000 8% Optionally Convertible Preference Shares of ₹ 10/-each fully paid-up | 400.00 | 400.00 |
| | 400.00 | 400.00 |

Note 5.1 The Subsidiary Company has one class of Optionally Convertible Preference Shares (OCPS) having a par value of ₹ 10 each per share which are issued on private placement basis. The OCPS carry a right to be paid fixed dividend at the rate of 8% per annum free of income-tax. 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. The OCPS are optionally convertible into equity shares, at a price to be determined in accordance with the valuation report to be obtained at the time of conversion and as per the guidelines of Regulating authority prevailing at the time of conversion. The option of conversion can be exercised by the holder for 33.33% of shares held in each of the 5th, 6th and 7th year from the date of issue and if such option is not exercised, the 33.33% of the shares held shall be redeemed in each of the 5th, 6th and 7th year from the date of issue.

Note 6. Long Term Borrowings

(₹ in Lakhs)

| Particulars | Non Current | | Current | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | As at | As at | As at | As at |
| | 31 st March 2018 | 31 st March 2017 | 31 st March 2018 | 31 st March 2017 |
| (a) Debentures (Refer Note 6.1) | | | | |
| Unsecured (Sub-ordinate Debt) | | | | |
| 400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each | 4,000.00 | 4,000.00 | - | - |
| 200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each | 2,000.00 | 2,000.00 | - | - |
| (b) Term Loans (Refer Note 6.1) | | | | |
| Secured | | | | |
| From Banks | 22,047.26 | 20,860.83 | 16,063.40 | 15,094.67 |
| From Financial Institutions | 2,389.36 | 2,774.59 | 4,025.73 | 3,240.42 |
| From National Housing Bank | 1,549.57 | 1,453.70 | 225.42 | 139.20 |
| | 31,986.19 | 31,089.12 | 20,314.55 | 18,474.29 |

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

(₹ in Lakhs)

| Particulars | Amount Non Current | Amount Current | Terms of Redemption/ Repayment | Security |
|--|--------------------|----------------|--|----------|
| Debentures | 4,000.00 | - | Coupon Rate: 14.00% p.a. Coupon Payment frequency: Quarterly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 7 years | N.A. |
| 400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each | | | | |
| 200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each | 2,000.00 | - | Coupon Rate: 13.50% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 6 years & 6 months | N.A. |
| Total Debentures | 6,000.00 | - | | |

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

(₹ in Lakhs)

| Particulars | Amount Non Current | Amount Current | Terms of Redemption/ Repayment | Security |
|------------------------------|--------------------|----------------|---|---|
| Term Loans from Banks | | | | |
| Term Loan - 1 | - | 416.50 | Repayable in 6 half yearly installments from 30 th December 2015. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 1 | Secured by exclusive charge on specific standard assets portfolio of receivables of the company |
| Term Loan - 2 | 625.00 | 500.00 | Repayable in 20 Quarterly installments from 30 th September 2015. Rate of interest: One Year MCLR + Spread Maturity Period: 2-3 years Remaining no. of installments: 9 | Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi and Mrs Shweta Gandhi |
| Term Loan - 3 | 375.00 | 300.00 | Repayable in 20 Quarterly installments from 30 th September 2015. Rate of interest: One Year MCLR + Spread Maturity Period: 2-3 years Remaining no. of installments: 9 | Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi and Mrs Shweta Gandhi |
| Term Loan - 4 | 1,800.00 | 800.00 | Repayable in 20 Quarterly installments from 30 th September 2016. Rate of interest: One Year MCLR + Spread Maturity Period: 3-4 years Remaining no. of installments: 13 | Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi and Mrs Shweta Gandhi |
| Term Loan - 6 | - | 1,562.39 | Repayable in 36 monthly installments from 7 th February 2016. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 10 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed |
| Term Loan - 7 | 1,891.96 | 1,731.26 | Repayable in 36 monthly installments from 7 th April 2017. Rate of interest: One Year MCLR + Spread Maturity Period: < 2 years Remaining no. of installments: 24 | Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed |
| Term Loan - 8 | - | 166.67 | Repayable in 36 monthly installments from 31 st August 2015. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 4 | Exclusive hypothecation charge on specific present and future receivables in respect of assets financed/ to be financed by bank. Personal Guarantee of Mr Kamlesh Gandhi and Mr Mukesh Gandhi |
| Term Loan - 9 | - | 347.22 | Repayable in 36 monthly installments from 14 th September 2015. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 5 | Exclusive hypothecation charge on specific present and future receivables in respect of assets financed/ to be financed by bank. Personal Guarantee of Mr Kamlesh Gandhi and Mr Mukesh Gandhi |
| Term Loan - 10 | - | 666.67 | Repayable in 36 monthly installments from 30 th April 2016. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 12 | Exclusive hypothecation charge on specific present and future receivables in respect of assets financed/ to be financed by bank. Personal Guarantee of Mr Kamlesh Gandhi and Mr Mukesh Gandhi |
| Term Loan - 11 | - | 180.49 | Repayable in 11 Quarterly installments from 31 st March 2016. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 2 | Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi |
| Term Loan - 12 | - | 180.97 | Repayable in 11 Quarterly installments from 30 th June 2016. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 2 | Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi |
| Term Loan - 13 | - | 298.59 | Repayable in 11 Quarterly installments from 30 th September 2016. Rate of interest: Base Rate + Spread Maturity Period: < 1 years Remaining no. of installments: 2 | Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi |
| Term Loan - 14 | - | 881.00 | Repayable in 12 Quarterly installments from 30 th March 2016. Rate of interest: One Year MCLR + Spread Maturity Period: < 1 years Remaining no. of installments: 3 | Secured by exclusive charge on receivables of the company created out of the loan availed |



Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

(₹ in Lakhs)

| Particulars | Amount Non Current | Amount Current | Terms of Redemption/ Repayment | Security |
|--------------------|--------------------|----------------|---|--|
| Term Loan - 15 | 5,000.00 | 2,500.00 | Repayable in 16 Quarterly installments from 30 th June 2017. Rate of interest: One Year MCLR + Spread Maturity Period: 3 years Remaining no. of installments: 12 | Secured by Hypothecation of portfolio of the company created out of the term loan. Personal Guarantee of Mr Kamlesh Gandhi, Mr Mukesh Gandhi and Mrs Shweta Gandhi |
| Term Loan - 16 | 1,180.56 | 833.33 | Repayable in 36 monthly installments from 01 st September 2017. Rate of interest: One Year MCLR + Spread Maturity Period: 2-3 years Remaining no. of installments: 29 | Exclusive charge by way of hypothecation of the specific receivables/book debts. |
| Term Loan-17 | 2,460.05 | 236.95 | Repayable in 96 monthly installments from 07 th April 2018. Rate of interest: One Year MCLR + Spread Maturity Period: 8-9 years Remaining no. of installments: 96 | Secured by mortgage on land and building |
| Vehicle Loans - 18 | - | 14.38 | Repayable in 36 monthly installments from 10 th August 2015. Rate of interest: Fixed Remaining no. of installments: 4 | Secured by hypothecation of the vehicle financed. |
| Vehicle Loans - 19 | - | 1.87 | Repayable in 36 monthly installments from 15 th August 2015. Rate of interest: Fixed Remaining no. of installments: 4 | Secured by hypothecation of the vehicle financed. |
| Term Loan - 20 | - | 62.50 | Repayable in 28 Quarterly installments from 24/03/2011. Rate of interest: One Year MCLR+Spread Maturity Period: < 1 years Remaining No. of Installments due: 4 | Loan is secured by Hypothecation on receivables. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 21 | 321.43 | 142.86 | Repayment in 28 Quarterly Installment from 30/04/2014 Rate of interest: One Year MCLR+Spread p.a. Maturity Period: 3-4 years Remaining No. of Installments due: 14 | Loan is secured by Hypothecation on receivables. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 22 | 250.00 | 83.33 | Repayment in 24 Quarterly Installments beginning from 30.06.2016 Rate of Interest One Year MCLR+Spread Maturity Period: 4 years Remaining No. of Installments due: 16 | Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 23 | 541.67 | 166.67 | Repayment in 24 Quarterly Installments beginning from 31.07.2016 Rate of Interest One Year MCLR+Spread Maturity Period: 4-5 years Remaining No. of Installments due: 17 | Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 24 | 333.33 | 83.33 | Repayment in 24 Quarterly Installments starting from 30.06.2017 Rate of Interest One Year MCLR+Spread Maturity Period: 5 years Remaining No. of Installments due: 20 | Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 25 | 666.67 | 166.67 | Repayment in 24 Quarterly Installments starting from 30.06.2017 Rate of Interest One Year MCLR+Spread Maturity Period: 5 years Remaining No. of Installments due: 20 | Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 26 | 187.50 | 250.00 | Repayable in 24 Quarterly installments from 28/02/2014. Rate of interest: One Year MCLR +Spread Maturity Period: 1-2 years Remaining No. of Installments due: 7 | Loan is secured by hypothecation charge on portfolio created form the bank finance. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 27 | 421.13 | 336.90 | Repayment in 24 Quarterly Installments starting from 01/09/2014 Rate of Interest: One Year MCLR+Spread Maturity Period: 2-3 years Remaining No. of Installments due: 9 | Loan is secured by hypothecation charge on portfolio created form the bank finance. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 28 | 625.00 | 166.67 | Repayment in 24 Quarterly Installments starting from 31/03/2017 Rate of Interest: One Year MCLR+Spread Maturity Period: 4-5 years Remaining No. of Installments due: 19 | Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

(₹ in Lakhs)

| Particulars | Amount Non Current | Amount Current | Terms of Redemption/ Repayment | Security |
|----------------|--------------------|----------------|---|--|
| Term Loan -29 | 8.42 | 22.38 | Repayable in 27 Quarterly installments from 01/07/2013. Rate of interest: Fixed Maturity Period: 1-2 years Remaining No. of Installments due: 5 | A first exclusive mortgage and for a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Corporate Guarantee of MAS Financial Services Ltd. |
| Term Loan - 30 | 314.57 | 30.96 | Repayment in 51 Quarterly Installment from 01/07/2014 Rate of interest:Fixed Maturity Period: 9-10 years Remaining No. of Installments due: 36 | A first exclusive mortgage and for a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Corporate Guarantee of MAS Financial Services Ltd. |
| Term Loan - 31 | 350.90 | 31.95 | Repayment in 47 Quarterly Installment from 01/10/2015 Rate of interest:Fixed Maturity Period: 9-10 years Remaining No. of Installments due: 37 | A first exclusive mortgage and for a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Corporate Guarantee of MAS Financial Services Ltd. |
| Term Loan - 32 | 875.68 | 140.13 | Repayment in 39 Quarterly Installment from 01/07/2017 Rate of interest:Fixed Maturity Period: 9-10 years Remaining No. of Installments due: 36 | A first exclusive mortgage and for a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 33 | - | 380.49 | Repayment in 8 Quarterly Installments from 07/01/2017 Rate of Interest:One year MCLR+Spread Maturity Period: < 1 year Remaining No. of Installments due: 3 | First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan -34 | 320.79 | 116.68 | Repayment in 24 Quarterly Installment from 19/03/2016. Rate of interest: BBR+Spread Maturity Period: 3-4 years Remaining No. of Installments due: 15 | First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. & Mrs. Sweta K. Gandhi. |
| Term Loan - 35 | 137.50 | 50.00 | Repayment in 24 Quarterly Installment from 19/03/2016. Rate of interest:BBR+Spread Maturity Period: 3-4 years Remaining No. of Installments due: 15 | First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. & Mrs. Sweta K. Gandhi. |
| Term Loan - 36 | 87.50 | 50.00 | Repayment in 20 Quarterly Installment from 31/03/2016 Rate of interest:BBR+ Spread Maturity Period: 2-3 years Remaining No. of Installments due: 11 | Hypothecation of the Receivables arising out of onward lending of Rupee Term loan extended by the Bank. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 37 | - | 6.94 | Repayable in 36 monthly installments. Rate of interest: Fixed No. of Installments due:4 | Secured by hypothecation of the vehicle financed. |
| Term Loan - 38 | 791.67 | 190.95 | Repayment in 24 Quarterly Installment from 31/03/2018. Rate of interest: One year MCLR+Spread Maturity Period: 5-6 years Remaining No. of Installments due: 23 | The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 39 | 666.67 | 333.33 | Repayment in 12 Quarterly Installment from 30/06/2018. Rate of interest: One year MCLR+Spread Maturity Period: 3-4 years Remaining No. of Installments due: 12 | The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 40 | 750.00 | 450.00 | Repayment in 8 Quarterly Installment from 11/11/2018. Rate of interest: One year MCLR+Spread Maturity Period: 2-3 years Remaining No. of Installments due: 8 | The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Company (identified loan assets) sufficient to provide 100% security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |



Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

(₹ in Lakhs)

| Particulars | Amount Non Current | Amount Current | Terms of Redemption/ Repayment | Security |
|---|--------------------|------------------|---|---|
| Term Loan - 41 | 1,335.42 | 350.00 | Repayment in 24 Quarterly Installments starting from 31/03/2017 Rate of Interest: One Year MCLR + Spread Maturity Period: 4-5 years Remaining No. of Installments due: 19 | Loan is secured by hypothecation charge on portfolio created from the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 42 | 445.09 | 891.12 | Repayment in 8 Quarterly Installments starting from 07/10/2017 Rate of Interest: One Year MCLR+Spread Maturity Period: 1-2 years Remaining No. of Installments due: 6 | Loan is secured by First & exclusive Hypothecation of Specific Receivables worth 1.11 times the term loan amount which are not more than 30 days overdue. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. |
| Term Loan - 43 | 833.33 | 166.67 | Repayment in 24 Quarterly Installments starting from 31/01/2019 Rate of Interest: One Year MCLR+ Spread Maturity Period: 6-7 years Remaining No. of Installments due: 24 | The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets) to the extent of 1.15 times of loan outstanding. |
| Total Term Loans from Banks | 23,596.83 | 16,288.83 | | |
| Term Loans from Others | | | | |
| Term Loans from a Financial Institution - 1 | - | 333.35 | Repayable in 36 monthly installments from 15 th April 2016. Rate of interest: LTLR - Spread Maturity Period: < 1 years Remaining no. of installments: 12 | Secured by hypothecation of book debts created out of the loan availed |
| Term Loans from a Financial Institution - 2 | - | 166.69 | Repayable in 36 monthly installments from 15 th April 2016. Rate of interest: LTLR - Spread Maturity Period: < 1 years Remaining no. of installments: 12 | Secured by hypothecation of book debts created out of the loan availed |
| Term Loans from a Financial Institution - 3 | - | 820.00 | Repayable in 36 monthly installments from 10 th April 2016. Rate of interest: PLR - Spread Maturity Period: < 1 years Remaining no. of installments: 12 | Secured by exclusive first charge by way of hypothecation of specific book debts of the company created out of the loan availed. Personal Guarantee of Mr Kamlesh Gandhi and Mr Mukesh Gandhi |
| Term Loans from a Financial Institution - 4 | - | 545.46 | Repayable in 11 quarterly installments from 30 th September 2016. Rate of interest: BASE RATE - Spread Maturity Period: 1 years Remaining no. of installments: 4 | Secured by exclusive first charge by way of hypothecation of specific book debts of the company created out of the loan availed |
| Term Loans from a Financial Institution - 5 | 181.82 | 727.27 | Repayable in 11 quarterly installments from 31 st December 2016. Rate of interest: BASE RATE - Spread Maturity Period: 1-2 years Remaining no. of installments: 5 | Secured by exclusive first charge by way of hypothecation of specific book debts of the company created out of the loan availed |
| Term Loans from a Financial Institution - 6 | 1,000.00 | 800.00 | Repayable in 10 quarterly installments from 31 st March 2018. Rate of interest: Base Rate - Spread Maturity Period: 2-3 years Remaining no. of installments: 9 | Secured by exclusive first charge by way of hypothecation of specific book debts of the company created out of the loan availed |
| Term Loans from a Financial Institution - 7 | 480.27 | 360.23 | Repayment in 36 Monthly Installments starting from 15/08/2017 Rate of Interest: LTLR-Spread Maturity Period: 2-3 years Remaining No. of Installments due: 28 | The Loan is secured by Exclusive charge on specific loan assets / book debts of the company assigned to TCFSL at a minimum cover of 1.15 times (net of OD more than 30 days) |
| Term Loans from a Financial Institution - 8 | 727.27 | 272.73 | Repayment in 11 Quarterly Installments starting from 30/09/2018 Rate of Interest: BBR-Spread Maturity Period: 2-3 years Remaining No. of Installments due: 11 | The Loan is secured by Exclusive first charge on the loan portfolio of the Borrower by way of hypothecation on the loan installments receivables created from the proceeds of the Facility, with a minimum asset cover of 1.10x of the principal amount outstanding at any point of time during the currency of the loan. |
| Total Term Loans from Others | 2,389.36 | 4,025.73 | | |
| Total Term Loans | 25,986.19 | 20,314.56 | | |

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Note 7A. Deferred Tax (Liability) (Net)

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|--|--------------------------------------|--------------------------------------|
| Tax effect of items constituting Deferred Tax Liability | | |
| 1. Difference between book balance and tax balance of Property, Plant & Equipments and Intangible Assets | (6.75) | (10.33) |
| 2. Transfer to Special Reserves | (21.57) | - |
| 3. Balance in Special Reserves | (71.08) | (84.30) |
| Total Deferred Tax (Liability) | (99.40) | (94.63) |
| Tax effect of items constituting Deferred Tax Assets | | |
| 1. Contingent Provision for Standard Assets | 29.79 | 31.52 |
| 2. Provision for Non Performing Assets | 3.48 | 4.18 |
| 3. Provision for Compensated Absences | 2.35 | 2.44 |
| Total Deferred Tax Assets | 35.62 | 38.14 |
| Net Deferred Tax (Liability) | (63.78) | (56.49) |

Note 7B. Deferred Tax Asset (Net)

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|---|--------------------------------------|--------------------------------------|
| Tax effect of items constituting Deferred Tax Liability | | |
| 1. On difference between book balance and tax balance of Property, Plant & Equipments and Intangible Assets | (32.98) | (23.97) |
| Total Deferred Tax Liability | (32.98) | (23.97) |
| Tax effect of items constituting Deferred Tax Assets | | |
| 1. Provision for non-performing assets | 340.35 | 159.06 |
| 2. Contingent Provision for Standard Assets | 347.42 | 265.56 |
| 3. Provision for Compensated Absences | 26.41 | 21.61 |
| Total Deferred Tax Assets | 714.18 | 446.23 |
| Net Deferred Tax Assets | 681.20 | 422.26 |

Note 8. Other Long Term Liabilities

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|--|--------------------------------------|--------------------------------------|
| Security deposits received | 35,807.66 | 23,566.66 |
| Interest accrued but not due on security deposits | 1,575.01 | 863.69 |
| Advances received against loan agreements (Refer Note No. 8.1 below) | 565.83 | 774.17 |
| | 37,948.50 | 25,204.52 |

8.1 Advances received against loan agreements are repayable/adjusted over the period of the contract.

Note 9. Long-term Provisions

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|--|--------------------------------------|--------------------------------------|
| Contingent Provision against Standard Assets | | |
| Holding Company | 474.63 | 306.38 |
| Subsidiary Company | 82.38 | 64.05 |
| | 557.01 | 370.43 |

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Note 10. Short-term borrowings

| Particulars | (₹ in Lakhs) | |
|-----------------------------|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 |
| Secured | | |
| Loans repayable on demand: | | |
| From Banks: | | |
| Cash Credit and Overdrafts | 18,704.75 | 8,898.91 |
| Short Term Loans: | | |
| From Banks | 73,500.00 | 67,900.00 |
| From Financial Institutions | 1,000.00 | - |
| | 93,204.75 | 76,798.91 |

Note: Cash Credits/Overdrafts/Short Term Loans from Banks are secured by hypothecation of movable assets of the Group 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/negative lien by deposit of title deeds on some of the Holding Company's immovable properties, as collateral security. The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi, Mr. Mukesh Chimanlal Gandhi and Mrs. Shweta Kamlesh Gandhi.

Note 11. Other Current Liabilities

| Particulars | (₹ in Lakhs) | |
|--|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 |
| Current Maturities of long-term debt (Refer Note 6) | 20,314.55 | 18,474.29 |
| Interest accrued but not due | | |
| Interest accrued but not due on borrowings | 905.59 | 761.41 |
| Interest accrued but not due on others | 984.43 | 1,149.86 |
| Other Payables: | | |
| Statutory remittances | 387.66 | 338.50 |
| Dues to the assignees towards collections from assigned receivables (Refer Note 32(b)) | 13,000.01 | 11,222.33 |
| Security deposits received | 10,370.69 | 13,314.17 |
| Advances received against loan agreements (Refer Note 8.1) | 959.66 | 54.12 |
| Unpaid Dividend on Equity Shares | *0.00 | - |
| | 46,922.59 | 45,314.68 |

*₹ 145/- Unpaid Dividend on Equity Shares

Note 12. Short-term Provisions

| Particulars | (₹ in Lakhs) | |
|--|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 |
| Provision for Employee Benefits | | |
| Compensated Absences | 84.09 | 69.80 |
| Other Provisions | | |
| Provision for Tax [Net of Advance Tax of ₹ 5,161.04 lakhs, (Previous Year ₹ 3,407.23 lakhs)] | 565.95 | 304.62 |
| Provision for Non-Performing Assets | | |
| Holding Company | 973.99 | 459.60 |
| Subsidiary Company | 18.52 | 12.64 |
| | 992.51 | 472.24 |
| Contingent Provision against Standard Assets | | |
| Holding Company | 519.59 | 460.96 |
| Subsidiary Company | 25.73 | 31.30 |
| | 545.32 | 492.26 |
| | 2,187.87 | 1,338.92 |

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Note 13. Property, Plant and Equipments and Intangible assets

(₹ in Lakhs)

| Nature of Assets | Property, Plant and Equipments (a) | | | | | Intangible Assets (b) | | |
|---|------------------------------------|---------------|-------------------|------------------------|---------------|-----------------------|--------------|--------------|
| | Freehold Land | Buildings | Office equipments | Furniture and Fixtures | Vehicles | Total | Software | Total |
| Gross Block | | | | | | | | |
| Balance as at 1 st April 2017 | - | 358.09 | 772.99 | 324.09 | 320.71 | 1,775.88 | 30.88 | 30.88 |
| Additions | 4,530.51 | 356.31 | 76.74 | 91.10 | - | 5,054.66 | 13.49 | 13.49 |
| Disposals | - | - | 10.08 | - | - | 10.08 | - | - |
| Balance at 31st March 2018 | 4,530.51 | 714.40 | 839.65 | 415.19 | 320.71 | 6,820.46 | 44.37 | 44.37 |
| Accumulated depreciation/ amortisation | | | | | | | | |
| Balance as at 1 st April 2017 | - | 52.33 | 570.00 | 211.08 | 81.83 | 915.24 | 17.09 | 17.09 |
| Depreciation/Amortisation expense | - | 9.12 | 81.30 | 27.66 | 37.74 | 155.82 | 8.21 | 8.21 |
| Eliminated on disposal of assets | - | - | 9.58 | - | - | 9.58 | - | - |
| Balance at 31st March 2018 | - | 61.45 | 641.72 | 238.74 | 119.57 | 1,061.48 | 25.30 | 25.30 |
| Net Block as at 31st March 2018 | 4,530.51 | 652.95 | 197.93 | 176.45 | 201.14 | 5,758.98 | 19.07 | 19.07 |
| Gross Block | | | | | | | | |
| Balance as at 1 st April 2016 | - | 335.05 | 663.55 | 305.44 | 325.21 | 1,629.25 | 16.03 | 16.03 |
| Additions | - | 23.04 | 121.16 | 38.54 | - | 182.74 | 14.85 | 14.85 |
| Disposals | - | - | 11.72 | 19.89 | 4.50 | 36.11 | - | - |
| Balance at 31st March 2017 | - | 358.09 | 772.99 | 324.09 | 320.71 | 1,775.88 | 30.88 | 30.88 |
| Accumulated depreciation/ amortisation | | | | | | | | |
| Balance as at 1 st April 2016 | - | 46.80 | 510.73 | 206.95 | 47.60 | 812.08 | 16.03 | 16.03 |
| Depreciation/Amortisation expense | - | 5.53 | 70.34 | 22.23 | 38.51 | 136.61 | 1.06 | 1.06 |
| Eliminated on disposal of assets | - | - | 11.07 | 18.10 | 4.28 | 33.45 | - | - |
| Balance at 31st March 2017 | - | 52.33 | 570.00 | 211.08 | 81.83 | 915.24 | 17.09 | 17.09 |
| Net Block as at 31st March 2017 | - | 305.76 | 202.99 | 113.01 | 238.88 | 860.64 | 13.79 | 13.79 |



Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Note 14. Non-Current Investments (at cost)

(₹ in Lakhs)

| Particulars | Face Value Per Share/ Bond ₹ | As at 31 st March 2018 | | As at 31 st March 2017 | |
|--|------------------------------------|-----------------------------------|-------------|-----------------------------------|-------------|
| | | No. of Shares/Bonds | ₹ | No. of Shares/Bonds | ₹ |
| NON-TRADE | | | | | |
| QUOTED | | | | | |
| In Equity Shares (Fully Paid Up): | | | | | |
| Apple Finance Limited | 10 | 100 | 0.02 | 100 | 0.02 |
| Athena Finance Limited | 10 | 1 | (a) 0.00 | 1 | (a) 0.00 |
| Cholamandalam Finance Limited | 10 | 1 | (b) 0.00 | 1 | (b) 0.00 |
| Dena Bank | 10 | 3,209 | 0.88 | 3,209 | 0.88 |
| First Leasing Finance Limited | 10 | 1 | (c) 0.00 | 1 | (c) 0.00 |
| Gujarat Lease Financing Limited | 10 | 125 | 0.05 | 125 | 0.05 |
| HDFC Bank Limited | 2 | 15 | 0.03 | 15 | 0.03 |
| ICICI Bank Limited | 2 | 16 | 0.05 | 15 | 0.05 |
| IndusInd Bank Limited | 10 | 102 | 0.05 | 102 | 0.05 |
| Kotak Mahindra Bank Limited | 5 | 500 | 0.02 | 500 | 0.02 |
| Reliance Capital Limited | 10 | 1 | (d) 0.00 | 1 | (d) 0.00 |
| Reliance Home Finance Limited | 1 | 62 | - | - | - |
| Housing Development Finance Corporation Limited (HDFC) | 2 | 5 | - | 5 | - |
| | | | 1.10 | | 1.10 |
| Less : Provision for diminution | - | - | (0.47) | | (0.47) |
| | | | 0.63 | | 0.63 |
| UNQUOTED | | | | | |
| In Equity Shares (Fully Paid-Up): | | | | | |
| Cosmos Co-operative Bank Limited | 25 | 277 | 0.07 | 277 | 0.07 |
| Total Non-Current Investment | | | 0.70 | | 0.70 |
| 1 Aggregate amount of Quoted Investments: | | | | | |
| Cost | | | 1.10 | | 1.10 |
| Market Value | | | 8.12 | | 7.39 |
| 2 Aggregate amount of Unquoted Investments | | | 0.07 | | 0.07 |

| Particulars | Amount in ₹ | Amount in ₹ |
|-----------------------------------|-------------|-------------|
| (a) Athena Finance Limited | 7.00 | 7.00 |
| (b) Cholamandalam Finance Limited | 52.00 | 52.00 |
| (c) First Leasing Finance Limited | 23.00 | 23.00 |
| (d) Reliance Capital Limited | 77.00 | 77.00 |

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Note 15. Long Term Loans and advances

(₹ in Lakhs)

| Particulars | Non Current | | Current | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 | As at 31 st March 2018 | As at 31 st March 2017 |
| (A) Loans to Customers | | | | |
| (i) Secured | | | | |
| Loans | 97,231.67 | 71,223.08 | 88,543.18 | 70,235.26 |
| Retained Interest on securitisation/assignment | 4,680.09 | 2,573.67 | 11,169.98 | 7,956.20 |
| Installments and other dues from borrowers | - | - | 1,417.36 | 1,455.09 |
| | 1,01,911.76 | 73,796.75 | 1,01,130.52 | 79,646.55 |
| (ii) Unsecured | | | | |
| Loans | 32,889.83 | 14,069.10 | 25,469.61 | 34,666.64 |
| Retained Interest on securitisation/assignment | 251.01 | 82.81 | 1,647.33 | 1,002.79 |
| Installments and other dues from borrowers | - | - | 2,057.03 | 1,897.55 |
| | 33,140.84 | 14,151.91 | 29,173.97 | 37,566.98 |
| Total Loans to Customers (A) | 1,35,052.60 | 87,948.66 | 1,30,304.49 | 1,17,213.53 |
| Notes: | | | | |
| 15.1 Secured exposures are exposures secured wholly or partly by hypothecation of assets, equitable mortgage of property, pledge of shares, other securities, assignments of life insurance policies, bank guarantees, company guarantees or personal guarantees and / or undertaking to create a security. | | | | |
| 15.2 Percentage of loans against gold to total assets | - | - | - | 0.0001% |
| 15.3 The Group has advanced loans to its officers. Principal amount of such loans outstanding as on 31 st March is: | 21.90 | 23.49 | 1.59 | 3.92 |
| 15.4 Refer Note 35 (b) for Loans to Company in which directors are interested | | | | |
| (B) Other Loans and Advances | | | | |
| Unsecured, considered good | | | | |
| (i) Advance Funding | | | | |
| Considered Good | - | - | 5,134.43 | 4,899.07 |
| Considered Doubtful - Non Performing Assets | - | - | 1.44 | 2.98 |
| | - | - | 5,135.87 | 4,902.05 |
| (ii) Security deposits | 53.87 | 53.50 | 312.00 | 3.81 |
| (iii) Advances to employees | - | - | 13.92 | 14.94 |
| (iv) Prepaid expenses | 0.06 | - | 10.30 | 327.72 |
| (v) Other Advances | - | - | 12.91 | 17.79 |
| (vi) Gratuity Fund | 32.68 | - | 6.10 | 7.67 |
| (vii) Capital Advances | - | 213.92 | - | - |
| (viii) Balance with Government Authorities | - | - | 66.66 | - |
| (ix) Income tax Receivable | 210.47 | 181.12 | - | - |
| Total Other Loans and Advances (B) | 297.08 | 448.54 | 5,557.76 | 5,273.98 |
| Total Loans and Advances (A) + (B) | 1,35,349.68 | 88,397.20 | 1,35,862.25 | 1,22,487.51 |

Note 16. Other Non-Current Assets

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|---|--------------------------------------|--------------------------------------|
| Non-current Bank Balances | | |
| In Fixed Deposit Accounts: | | |
| Deposits given as security against borrowings and other commitments | 241.38 | 762.78 |
| Unamortised Borrowing Costs | 107.85 | 99.81 |
| Interest Accrued but not due on Deposits | 29.29 | 85.55 |
| | 378.52 | 948.14 |

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Note 17. Cash and Cash Equivalents

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|---|--------------------------------------|--------------------------------------|
| (A) Cash and Cash Equivalents | | |
| Cash on Hand | 23.48 | 20.98 |
| Balances with Banks: | | |
| In Current/ Cash Credit Accounts | 4,914.75 | 4,632.27 |
| Total Cash and Cash Equivalents | 4,938.23 | 4,653.25 |
| (As per AS3 Cash Flow Statements) | | |
| (B) Other Bank Balances | | |
| In Current Accounts (Refer Note No. 17.1 below) | 64.50 | 47.87 |
| In Fixed Deposit Accounts | | |
| Unpaid Dividend Bank Balances | +0.00 | - |
| Deposits given as security against borrowings and other commitments | 719.01 | 35.48 |
| Total Other Bank Balances | 783.51 | 83.35 |
| Total Cash and Bank Balances (A + B) | 5,721.74 | 4,736.60 |

Note:

17.1 Balances represents balance with banks in earmarked account i.e. "Collection and Payout Account".
*₹ 145/- Unpaid Dividend Bank Balances

Note 18. Other Current Assets

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Unamortised Borrowing Costs | 206.38 | 209.09 |
| Interest Accrued | | |
| On Loans and Advances | 2,534.54 | 1,876.30 |
| On Deposits | 129.68 | 11.57 |
| | 2,664.22 | 1,887.87 |
| Re-possessed Assets | 106.75 | 101.46 |
| | 2,977.35 | 2,198.42 |

Note 19. Revenue from operations

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|--|---|---|
| (a) Income from Financing Activity | | |
| i) Interest | 41,919.73 | 33,637.70 |
| ii) Other Operating Revenue | | |
| Service Charges, Stamp & Document Charges etc. | 3,378.94 | 2,733.84 |
| (b) Income from Non-Financing Activity | 3.43 | 3.08 |
| | 45,302.10 | 36,374.62 |

Note 20. Other Income

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|--|---|---|
| Interest Income from Bank Deposits | 192.65 | 86.59 |
| Dividend Income From Long-Term Investments | 0.01 | 0.01 |
| Income distribution on Pass Through Certificates | - | 8.97 |
| Interest on Income Tax refund | 1.49 | - |
| | 194.15 | 95.57 |

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Note 21. Employee Benefits Expense

| Particulars | (₹ in Lakhs) | |
|--|---|---|
| | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| Salaries, Bonus and Allowances | 3,944.31 | 2,746.55 |
| Contributions to Provident & Other Funds (Refer Note No. 33) | 167.69 | 135.82 |
| Staff Welfare Expenses | 43.03 | 56.41 |
| | 4,155.03 | 2,938.78 |

Note 22. Finance Costs

| Particulars | (₹ in Lakhs) | |
|-------------------------------|---|---|
| | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| Interest: | | |
| On Bank Borrowings | 11,379.59 | 10,839.43 |
| On Debentures | 991.99 | 1,479.74 |
| On Others | 3,627.46 | 3,219.52 |
| | 15,999.04 | 15,538.69 |
| Discount on Commercial Papers | - | 176.81 |
| Other Borrowing Costs | 730.05 | 713.95 |
| | 16,729.09 | 16,429.45 |

Note 23. Depreciation and Amortisation

| Particulars | (₹ in Lakhs) | |
|---|---|---|
| | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| Depreciation on Property, Plant & Equipment | 155.82 | 136.61 |
| Amortisation of intangible assets | 8.21 | 1.06 |
| | 164.03 | 137.67 |

Note 24. Provisions and Loan Losses

| Particulars | (₹ in Lakhs) | |
|--|---|---|
| | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| Loss Assets Written Off (Net) | 3,780.26 | 2,168.85 |
| Loss on Sale of Repossessed Assets (Net) | 184.97 | 163.52 |
| Provision for Non-Performing Assets | 520.25 | 74.38 |
| Contingent Provision against Standard Assets | 239.65 | 315.62 |
| | 4,725.13 | 2,722.37 |



Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Note 25. Other Expenses

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|--|---|---|
| Rent (Refer Note No. 31) | 203.84 | 181.56 |
| Rates & Taxes | 31.58 | 35.17 |
| Stationery & Printing | 75.28 | 78.62 |
| Telephone | 94.71 | 95.50 |
| Electricity | 63.38 | 56.79 |
| Postage & Courier | 73.16 | 69.48 |
| Insurance | 103.34 | 97.35 |
| Conveyance | 208.93 | 250.24 |
| Travelling | 257.86 | 243.31 |
| Repairs & Maintenance: | | |
| Building | 29.99 | 14.71 |
| Others | 130.86 | 92.72 |
| | 160.85 | 107.43 |
| Professional Fees (Refer Note Below) | 675.82 | 352.71 |
| Director's Sitting Fees | 9.28 | 6.75 |
| Legal Expenses | 32.54 | 180.83 |
| Bank Charges | 85.54 | 104.96 |
| Commission | 743.59 | 1,022.24 |
| Advertisement Expenses | 318.32 | 229.93 |
| Sales Promotion Expenses | 90.15 | 68.47 |
| Loss on Sale of Property, Plant & Equipment | 0.37 | 1.24 |
| Donation | 0.05 | - |
| Recovery Contract Charges | 217.71 | 320.59 |
| Corporate Social Responsibility Expenditure (Refer Note 29) | 7.62 | 2.90 |
| Miscellaneous Expenses | 126.09 | 136.95 |
| | 3,580.01 | 3,643.02 |
| Note: Payment to Statutory Auditors (including Taxes) | | |
| For Statutory Audit Fees | 25.75 | 18.68 |
| For Other Services | 24.46 | 5.92 |
| | 50.21 | 24.60 |

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Note 26. Earnings Per Share

| Particulars | (₹ in Lakhs) | |
|---|---|---|
| | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| (A) Basic | | |
| Computation of Profit (Numerator) | | |
| Net Profit for the year | 10,480.97 | 6,853.29 |
| Less: Preference dividend including tax thereon | 72.85 | 395.41 |
| Net Profit for the year attributable to Equity Shareholders | 10,408.12 | 6,457.88 |
| Computation of Weighted Average Number of Shares (Denominator) | Nos. | Nos. |
| Weighted average number of Equity Shares of ₹ 10 each used for calculation of Basic Earnings per Share (Refer note 1 below) | 4,92,80,936 | 4,00,16,510 |
| Basic Earnings per Share of face value of ₹ 10 each (in ₹) | 21.12 | 16.14 |
| (B) Diluted | | |
| Computation of Profit (Numerator) | Rupees | Rupees |
| Net Profit attributable to Equity Shareholders as above | 10,408.12 | 6,457.88 |
| Add: Dividend on Compulsorily Convertible Cumulative Preference Shares including tax and Interest Expense on Compulsorily Convertible Debentures net of tax | - | 425.14 |
| Net Profit attributable to Equity Shareholders (on dilution) | 10,408.12 | 6,883.02 |
| Computation of Weighted Average Number of Shares (Denominator) | Nos. | Nos. |
| Weighted average number of Equity Shares as above (Refer note 1 below) | 4,92,80,936 | 4,00,16,510 |
| Add: Effect of Compulsorily Convertible Cumulative Preference Shares and Compulsorily Convertible Debentures which are dilutive | - | 48,90,451 |
| Weighted average number of Equity Shares for Diluted Earnings per Share | 4,92,80,936 | 4,49,06,961 |
| Diluted Earnings per Share of face value of ₹ 10 each (in ₹) | 21.12 | 15.33 |

Note:

- Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share". As per the requirements of AS 20 "Earnings Per Share", the weighted average number of equity shares considered for calculation of Basic and Diluted Earnings per Share.

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

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

(₹ in Lakhs)

| Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|---|--------------------------------------|--------------------------------------|
| Contingent Liabilities | | |
| I) In respect of disputed Income-tax matters (Refer note below) | - | 28.52 |
| Future cash outflows in respect of the above matters are determinable only on receipt of judgements/ decision pending at various forums/ authorities. | | |
| II) Guarantees given to NSE Limited : | 160.04 | - |
| During the year, the Company has given Bank Guarantee to NSE Limited amounting to ₹ 160.04 lakhs as a security deposits in connection with its IPO. | | |
| Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for: | | |
| a) Property, Plant & Equipment | - | 114.85 |
| b) Intangible Assets | - | 8.95 |

28. The Company has incurred various expenditure of ₹ 2,399.91 lakhs during the year and ₹ 2,766.99 lakhs (net of recovery from selling shareholders ₹ 832.50 lakhs) as at 31st March 2018 respectively towards private placement of equity shares, IPO and OFS. The Company has adjusted the expenses incurred to the Security Premium account.

29. Expenditure on Corporate Social Responsibility Activities

The Gross amount required to be spent by the Group during the year towards Corporate Social Responsibility is ₹ 161.92 lakhs (Previous year: ₹ 124.90 lakhs) as per section 135 of Companies Act, 2013. Details of amount spent towards CSR as below:

(₹ in Lakhs)

| Particulars | In cash | Yet to be paid in cash | Total |
|--|---------|------------------------|-------|
| (i) Construction/acquisition of any assets | - | - | - |
| (Previous Year) | - | - | - |
| (ii) On purposes other than (i) above | 7.62 | - | 7.62 |
| (Previous Year) | 2.90 | - | 2.90 |

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

- 30.** The Holding Company sells loans through securitization and direct assignment transactions, The information of securitization /direct assignment by the Holding company as originator as required by RBI Circular DNBS. PD. No. 301/3.10.01/2012-13 dated 21st August 2012 is as under:

(a) For Securitization Transaction

| | | (₹ in Lakhs) | |
|---------|--|--------------------------------------|--------------------------------------|
| Sr. No. | Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
| 1 | No of SPVs sponsored by the company for securitization transactions | Nil | Nil |
| 2 | Total amount of securitised assets as per books of the SPVs sponsored by the company | Nil | Nil |
| 3 | Total amount of exposures retained by the company to comply with Minimum Retention Requirement (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 | Nil | Nil |
| 4 | Amount of exposures to securitization transactions other than Minimum Retention Requirement (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:- Figures for the previous year are based on the information duly certified by the SPV's auditors obtained by the Company from the SPV.

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

(b) For Assignment Transaction

(₹ in Lakhs)

| Sr. No. | Particulars | As at 31 st March 2018 | As at 31 st March 2017 |
|---------|--|--------------------------------------|--------------------------------------|
| 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) | 1,70,454.73 | 1,30,538.91 |
| 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 | 17,713.54 | 11,615.47 |
| 4 | Amount of exposures to assignment transactions other than MRR | | |
| | a) Off-balance sheet exposures | | |
| | i) Exposure to own assignments | | |
| | • First loss | Nil | Nil |
| | • Others | Nil | Nil |
| | ii) Exposure to third party assignments | | |
| | • First loss | Nil | Nil |
| | • Others | Nil | Nil |
| | b) On-balance sheet exposures | | |
| | i) Exposure to own assignments | | |
| | • First loss | Nil | Nil |
| | • Others | Nil | Nil |
| | ii) Exposure to third party assignments | | |
| | • First loss | Nil | Nil |
| | • Others | Nil | Nil |
| | Dues to assignees towards collections from assigned receivables | 12,995.87 | 11,218.26 |

31. Disclosures for operating leases under Accounting Standard 19 – “Accounting for Leases”.

The Group has entered into lease and license agreements for taking office premises along with furniture and fixtures as applicable and godown premises on rental basis ranging from 11 to 60 months. The specified disclosure in respect of these agreements is given below:

(₹ in Lakhs)

| Particulars | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|---|---|---|
| Lease payments recognised in the Statement of Profit and Loss | 203.84 | 181.56 |

Note:-

- i. The Group has given refundable, interest free security deposits under certain agreements.
 1. There are no sub-leases.
- ii. Certain agreements contain a provision for their renewal.

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

32. Employee Benefits

Disclosures as required as per Accounting Standard AS-15 (revised) – "Employee Benefits" in respect of Gratuity are as under:

The Group 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.

(₹ in Lakhs)

| Sr. No. | Particulars | As at/ For the year ended 31 st March 2018 | As at/ For the year ended 31 st March 2017 |
|----------|--|---|---|
| A | Net liability /(assets) recognised in the Balance Sheet | | |
| | Present value of funded obligation | 167.76 | 124.43 |
| | Fair value of plan assets | 205.73 | 132.10 |
| | Unrecognised Past Service Cost | (0.82) | - |
| | Net liability/(assets) | (38.78) | (7.68) |
| B | Expense recognised in the Statement of Profit and Loss for the year | | |
| | Current service cost | 28.64 | 18.91 |
| | Interest on obligation | 9.03 | 6.02 |
| | Expected return on plan assets | (10.66) | (8.14) |
| | Net actuarial losses /(gains) | (2.53) | 27.59 |
| | Prior Year Charge | - | 0.08 |
| | Recognised Past Service Cost - Vested | 10.58 | - |
| | Total expense included in employee benefit expense (Refer Note 21) | 35.07 | 44.47 |
| | Actual return on Plan assets | 9.01 | 6.97 |
| C | Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof: | | |
| | Opening defined benefit obligation | 124.42 | 75.69 |
| | Service Cost | 28.64 | 18.91 |
| | Interest Cost | 9.03 | 6.02 |
| | Actuarial losses /(gains) | (3.82) | 26.42 |
| | Past Service Cost | 11.40 | - |
| | Benefits paid | (1.91) | (2.62) |
| | Closing defined benefit obligation | 167.76 | 124.43 |
| 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 | 132.10 | 108.58 |
| | Expense deducted from the fund | - | - |
| | Expected return | 10.66 | 8.14 |
| | Actuarial gains / (losses) | (1.30) | (1.16) |
| | Contributions by Employer | 66.18 | 19.18 |
| | Benefits paid | (1.91) | (2.62) |
| | Closing balance of fair value of plan assets | 205.73 | 132.10 |
| E | Major categories of plan assets as a percentage of total plan assets: | | |
| | Qualifying insurance policy with LIC (Break-up of plan assets not available) | 100% | 100% |
| F | Principal actuarial assumptions at the balance sheet date (expressed as weighted averages): | | |
| | Discount rate (Refer note 1(b) below) | 7.70% | 7.25% - 7.40% |
| | Expected return on plan assets | 7.70% | 7.25% - 7.40% |
| | Annual increase in salary costs (Refer note 1(a) below) | 7.00% - 8.00% | 7.00% |

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.
- (c) Overall expected rate of return on assets taken is the rate declared by LIC.



Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

2 Defined Contribution Plans

| Particulars | (₹ in Lakhs) | |
|--|---|---|
| | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
| Amount recognised as an expense and included in Note No. 21 of Consolidated Statement of Profit and Loss | | |
| Provident Fund | 89.11 | 65.43 |
| Employees' State Insurance Corporation (ESIC) | 36.27 | 9.33 |
| Total | 125.38 | 74.75 |

3 Experience Adjustments

| | (₹ in Lakhs) | | | | |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | As at 31 st March 2018 | As at 31 st March 2017 | As at 31 st March 2016 | As at 31 st March 2015 | As at 31 st March 2014 |
| Present value of the defined benefit obligation | 167.76 | 124.43 | 75.69 | 56.62 | 55.66 |
| Fair value of the plan assets | 205.73 | 132.10 | 108.58 | 87.31 | 83.63 |
| Unrecognised Past Service Cost | 0.82 | - | - | - | - |
| Deficit/(Surplus) in the plan | (38.78) | (7.68) | (32.88) | (30.68) | (27.97) |
| Experience (gain) / loss adjustments on plan liabilities | (3.23) | 24.38 | 2.68 | (5.29) | (2.64) |
| Experience (gain) / loss adjustments on plan assets | 1.30 | 1.16 | (0.42) | 0.19 | (0.22) |

33. Segment Reporting

The Group 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".

34. Related Party Disclosures

(a) Related party disclosures as required by Accounting Standard 18, "Related Party Disclosures".

List of related parties and relationships:

| Sr. No. | Nature of Relationship | Name of Related Parties |
|---------|---------------------------------------|--|
| 1 | Key Management Personnel | Mr. Kamlesh C. Gandhi (Chairman & Managing Director) |
| | | Mr. Mukesh C. Gandhi (Whole Time Director & Chief Finance Officer) |
| | | Mrs. Darshana S. Pandya (Director & Chief Operating Officer) |
| 2 | Entities under common control | Swalamb Mass Financial Services Limited |
| | | Anamaya Capital LLP |
| | | Kamlesh C. Gandhi (HUF) |
| | | Prarthna Marketing Private Limited |
| 3 | Relatives of Key Management Personnel | Mrs. Shweta K. Gandhi |
| | | Mrs. Urmilaben C. Gandhi |
| | | Mr. Dhwanil K. Gandhi |
| | | Mr. Saumil D. Pandya |

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

Related party transactions:

(₹ in Lakhs)

| Sr. No. | Nature of transactions | Year ended 31 st March 2018 | Year ended 31 st March 2017 |
|----------|---|---|---|
| 1 | Subscription to Compulsorily Convertible Cumulative Preference Shares: | | |
| | Mr. Kamlesh C. Gandhi | - | 25.00 |
| | Mr. Mukesh C. Gandhi | - | 25.00 |
| 2 | Remuneration (Including Bonus): | | |
| | Mr. Kamlesh C. Gandhi | 575.16 | 434.57 |
| | Mr. Mukesh C. Gandhi | 574.84 | 433.87 |
| | Mrs. Darshana S. Pandya | 33.47 | 11.33 |
| | Mr. Saumil D. Pandya | 43.12 | 15.38 |
| | Mr. Dhwanil K. Gandhi | 12.00 | 8.75 |
| 3 | Subscription to Optionally Convertible Preference Shares: | | |
| | Mr. Kamlesh C. Gandhi | - | 50.00 |
| | Mr. Mukesh C. Gandhi | - | 100.00 |
| | Mrs. Shweta K. Gandhi | - | 50.00 |
| 4 | Dividend Paid: | | |
| | Mr. Mukesh C. Gandhi | 258.94 | 519.28 |
| | Mr. Kamlesh C. Gandhi | 102.46 | 209.10 |
| | Mr. Mukesh C. Gandhi (HUF) | - | 16.29 |
| | Mrs. Shweta K. Gandhi | 253.78 | 540.33 |
| | Mrs. Urmilaben C. Gandhi | - | 0.00 |
| | Prarthna Marketing Private Limited | 19.58 | 43.14 |
| | Mrs. Darshana S. Pandya | 0.02 | 0.03 |
| | Mr. Saumil D. Pandya | 0.02 | 0.03 |
| 5 | Loan granted: | | |
| | Mrs. Darshana S. Pandya | - | 5.80 |

(₹ in Lakhs)

| Sr. No. | Nature of transactions | As at 31 st March 2018 | As at 31 st March 2017 |
|----------|--|--------------------------------------|--------------------------------------|
| | Balance outstanding at the end of the year. | | |
| 6 | Loan Granted | | |
| | Mrs. Darshana S. Pandya | 23.49 | 27.41 |
| 7 | Remuneration payable (Including Bonus) | | |
| | Mr. Kamlesh C. Gandhi | 31.17 | 24.38 |
| | Mr. Mukesh C. Gandhi | 31.17 | 24.38 |
| | Mrs. Darshana S. Pandya | 1.00 | 0.89 |
| | Mr. Saumil D. Pandya | 1.31 | 1.10 |
| | Mr. Dhwanil K. Gandhi | 0.28 | 0.24 |
| 8 | Optionally Convertible Preference Shares | | |
| | Mr. Kamlesh C. Gandhi | 100.00 | 100.00 |
| | Mr. Mukesh C. Gandhi | 200.00 | 200.00 |
| | Mrs. Shweta K. Gandhi | 100.00 | 100.00 |



Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

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

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

(₹ in Lakhs)

| Sr. No. | Name | As at 31 st March 2018 | Maximum balance outstanding during the year 2017-18 | As at 31 st March 2017 | Maximum balance outstanding during the year 2016-17 |
|---------|--|-----------------------------------|---|-----------------------------------|---|
| 1 | Paras Capfin Company Private Limited | 1,105.56 | 1,139.31 | 326.54 | 608.59 |
| 2 | M Power Micro Finance Private Limited | 4,791.67 | 4,876.79 | 396.29 | 800.51 |
| 3 | Jain Sons Finlease Limited* | - | - | 2,244.92 | 3,129.04 |
| 4 | Shubham Housing Development Finance Company Private Limited* | - | - | 1,961.80 | 2,750.05 |

*The Director interested in Jain Sons Finlease Limited and Shubham Housing Development Finance Company Private Limited ceased to be a director in MAS Financial Services Limited with effect from 27th February 2017. Hence, the disclosures made are of amount outstanding as on 27th February 2017 and maximum balance outstanding upto that date.

35. The Group has not received any intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year. Hence information relating to amounts due to micro enterprises and small enterprises as required by the Act has not been given.

36. During the year, pursuant to initial public offering (IPO) and Offer For Sale, the Company has offered 1,00,39,277 equity shares out of which:

- 50,92,829 equity shares of ₹ 10/- each were allotted as fresh issue of equity shares. Out of which, 1,69,082 equity shares were allotted to eligible employees at premium of ₹ 404 per share and 49,23,747 equity shares were allotted to public at premium of ₹ 449 per share.
- 49,46,448 equity shares of ₹ 10/- each were offered for sale by the existing shareholders at premium of ₹ 449 per share.

37. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

As at 31st March 2018

(₹ in Lakhs)

| Name of entity in the group | Net assets, i.e., total assets minus total liabilities | | Share of profit or loss | |
|--|--|------------------|-------------------------------------|------------------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount |
| Parent | | | | |
| MAS Financial Services Limited | 96.17% | 70,317.15 | 97.51% | 10,317.64 |
| Subsidiary | | | | |
| MAS Rural Housing and Mortgage Finance Limited | 2.28% | 1,669.58 | 1.54% | 163.33 |
| Minority Interest | | | | |
| 1.55% | 1,131.37 | 0.95% | 100.92 | |
| Total | 100% | 73,118.10 | 100% | 10,581.89 |

Notes

Forming Part of The Consolidated Financial Statements for the year ended 31st March 2018 (contd.)

As at 31st March 2017

| Name of entity in the group | Net assets, i.e., total assets minus total liabilities | | Share of profit or loss | |
|--|--|------------------|-------------------------------------|-----------------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount |
| (₹ in Lakhs) | | | | |
| Parent | | | | |
| MAS Financial Services Limited | 92.40% | 31,619.20 | 96.99% | 6,722.83 |
| Subsidiary | | | | |
| MAS Rural Housing and Mortgage Finance Limited | 4.53% | 1,549.26 | 1.88% | 130.46 |
| Minority Interest | | | | |
| | 3.07% | 1,049.83 | 1.13% | 78.64 |
| Total | 100% | 34,218.29 | 100% | 6,931.93 |

38. The Board of directors of the Company has recommended dividend of ₹ 2.16 per equity share of face value of ₹ 10 each, which is subject to approval by shareholders of the Company.

39. Details of Consolidated Non-Performing Assets (NPA) and % of Assets Under Management (AUM) are as follow:

| Particulars | (₹ in Lakhs) | |
|-----------------------|---|---|
| | As at 31 st March 2018 (Audited) | As at 31 st March 2017 (Audited) |
| Gross NPA on AUM | 4,795.23 | 3,526.97 |
| Net NPA on AUM | 3,802.72 | 3,054.72 |
| Gross NPA as % of AUM | 1.11% | 1.07% |
| Net NPA as % of AUM | 0.88% | 0.93% |

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

For and on behalf of the Board of Directors of
MAS Financial Services Ltd.

Darshana S. Pandya
(Director & Chief Operating Officer)
(DIN - 07610402)

Riddhi Bhayani
(Company Secretary)

Place: Ahmedabad
Date : 9th May 2018

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

**Form No. MGT-11
Proxy form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

| | | |
|------------------------------|------------------------------|--------------|
| Name of the Member(s): _____ | | |
| Registered Address: _____ | | |
| E-mail Id: _____ | Folio No. / Client Id: _____ | DP ID: _____ |

I / We being the member of MAS Financial Services Limited, holding _____ shares, hereby appoint

1. Name: _____ Address: _____
E-mail Id: _____ Signature: _____ or failing him;
2. Name: _____ Address: _____
E-mail Id: _____ Signature: _____ or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 23rd Annual General Meeting of members of the Company, to be held on Wednesday, 27th Day of June at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 of the Company at 10:00 A.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sr. No. | Brief details of the Resolution | Optional* | | |
|----------------------------|--|-----------|---------|---------|
| | | For | Against | Abstain |
| Ordinary Businesses | | | | |
| 1. | To receive, consider and adopt audited Standalone and Consolidated financial statements of the Company for the year ended 31 st March 2018 and the Reports of the Board of Directors and the Auditors thereon | | | |
| 2. | To declare final dividend on equity shares. | | | |
| 3. | To appoint a Director in place of Mr. Kamlesh Gandhi, (DIN 00044852), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment | | | |
| 4. | Appointment of B S R & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company and fixing their remuneration. | | | |
| Special Businesses | | | | |
| 5. | Approval for increasing the Borrowing Powers under Section 180(1)(c) of the Companies Act, 2013 up to ₹ 5,000 crores | | | |
| 6. | Approval for creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a) of the Companies Act, 2013 | | | |

Signed this _____ day of _____ 2018.

Signature of Shareholder:

Signature of Proxy holder(s):

| |
|---------------------------|
| Affix Revenue Stamp |
|---------------------------|

Note:

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. **A proxy need not be a member of the Company.**
3. *For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 23rd Annual General Meeting.
It is optional to put a "✓" in the appropriate column against the Resolutions indicated in the box. If you leave the "For", "Against" or "Abstain" column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/ she thinks appropriate.

ATTENDANCE SLIP – 23rd AGM
(To be handed over at the entrance of Meeting Hall)

| | |
|--|--|
| Regd. Folio /DP ID & Client ID | |
| Name and Address of the Shareholder(s) | |
| Joint Holder 1 Joint Holder 2 | |
| No. of Shares | |

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the TWENTY THIRD ANNUAL GENERAL MEETING of the Company at Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, on Wednesday, 27th June 2018 at 10:00 A.M.

| | |
|---|--|
| Full name of the Member/Proxy attending the Meeting | |
| Member's/Proxy's Signature | |

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.

Shareholders attending the meeting are requested to bring their copies of the Annual Report with them.



The Power of Distribution

MAS Financial Services Limited

6, Ground Floor, Narayan Chambers B/h Patang Hotel,
Nehru Bridge Corner, Ashram Road, Ahmedabad-380 009.

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