MAS FINANCIAL SERVICES LIMITED

The Power of Distribution

MFSL/SEC/EQ/2019/31

June 01, 2019

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

Scrip Code:**540749, 951920, 952312**

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**

Dear Sir,

Sub: Notice of 24th Annual General Meeting (AGM) and Annual Report 2018-19 of MAS Financial Services Limited

In compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Notice of the 24th AGM and Annual Report of the Company for the year 2018-19.

Following are important dates in this regards:

Sr. No.	Particulars	Date
1.	Book Closure	Thursday, 20th June, 2019 to Wednesday, 26th June, 2019 (both days inclusive)
2.	Cut-off date E-voting & Dividend	Wednesday, 19th June 2019
3.	E-Voting	Commences at 9.00 A.M. on Sunday 23rd June, 2019 and ends at 5.00 P.M. on Tuesday, 25th June, 2019
4.	Date of AGM	Wednesday, 26th June, 2019

Kindly take the same on your record.

Thanking you,
Yours faithfully,

FOR, MAS FINANCIAL SERVICES LIMITED

Riddhi

RIDDHI BHAYANI
(COMPANY SECRETARY & COMPLIANCE OFFICER)
MEMBERSHIP NO.: A41206

MAS FINANCIAL SERVICES LIMITED MAS AHMEDABAD

Encl: As above

Regd. Office :
6, Ground Floor, Narayan Chambers,
B/h Patang Hotel, Ashram Road, Ahmedabad-380 009.
CIN : L65910GJ1995PLC026064

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www.mas.co.in
mfsl@mas.co.in

EXCELLENCE THROUGH ENDEAVOURS
MAS
FINANCIAL SERVICES LTD.

The Power of Distribution

24TH ANNUAL REPORT

2018-19

Contents

www.mas.co.in

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

Yet we know all along that once it is reached, we will definitely be setting our sights further... towards reaching the next milestone. And then the next.

Over the past 24 years, MAS has come a long way. Rather than a single journey, it has been a series of journeys, every single one of which ends with us crossing a milestone, which then becomes the starting point of a fresh adventure.

We constantly endeavour to live up to expectations, surpassing them and setting ourselves higher targets and goals. On our journeys, we are always alert to follow cautions that make the journey safe and fruitful. Rather than chase reckless growth, we pursue long-term and sustainable growth that is characterised by quality. And it is precisely this – not just growth per se, but quality growth that makes MAS distinct and different.

As we stand on the brink of a quarter century of our existence, we look back at the road we have traversed so far, with PRIDE. The journey of many milestones has left us with happy experiences and valuable learnings.

More importantly, we look at the road ahead with excitement. And as we set our sights on the next milestone, we feel confident that we will seek out and CROSS many more on our journey into the future.

From the Desk of Founder, Chairman & MD

"The Company grew immensely in confidence that the strategy followed over the years has the strength to navigate through tough environment.

My Dear Shareholders,

I am delighted to present to you the financial results for FY 2018-19. MAS crossed ₹ 5,000 crores in Assets under Management, one more important milestone in the journey of the Company; creating an enabling base for the coming decades. A steady growth from hereon will make this Company very formidable in size.

While this being an important achievement, we at MAS believe that we have just started. The belief at MAS right from the inception is, "Every time we reach a milestone we feel we have just begun". This attitude has and will continue to play an important role in all our future achievements.

The year was marked by very significant events in the industry, the time where the fundamentals, the resilience, along with the prudence of the strategy was put to test. I am happy to share that the Company could not only achieve the desired objective in terms of Assets under Management and profitability with impeccable quality, but grew immensely in confidence, that the strategy followed over the years has the strength to navigate through tough environment.

Through a very prudent liability management, we could very successfully navigate the situation without any negative impact on the profitability of the Company.

Execution is the key to success. The Company continues to pay immense focus on the efficient execution of its strategy, which is a continuous task to be worked upon and can't be worked out. Focus on efficiency is a constant endeavour at MAS.

Serving the MSME segment through various distribution channels depending upon the demography remains the key area of our working. The customers we cater to requires not only credit, but advisory which can potentially change the way they understand their business from the financial perspective. We are committed to add value to these segments and are confident to grow along with them besides adding new customers which is a huge opportunity. The Company also endeavours to extend credit to the Two-Wheeler and the CV segment, which once again is a huge market to be served.

Serving the affordable housing segment through our subsidiary MAS Rural Housing & Mortgage Finance Ltd. is also one of the key focus areas of our working. We firmly believe that going forward this will contribute significantly in our overall growth.

Creating entrepreneurs and not just borrowers is the primary objective of the Company, by "Extending credit where it is due" thus being catalyst in promoting a very creditworthy ecosystem.

As an organisation grows, the human resource also has to cope up with the increased responsibilities. The Company is working tirelessly to train and empower the senior personnel to have a 360 degree view of the business namely to define the objectives, strategise, execute and lead by example to attain the objective defined.

The year ahead as always has challenges, which we reckon as opportunities. Team MAS is looking forward to give its best in terms of efforts, dedication and energy and I am confident that we will be able to realise the set objective of quality growth.

I sincerely acknowledge the support of the board, team MAS and all the stakeholders.

Let me reiterate on behalf of team MAS, the commitment to our mission of "Excellence through Endeavours" and maximising shareholders' value, aware of the fact that we have miles to go and promises to keep and I trust together we can and we will...

Best wishes,

Kamlesh C. Gandhi
Chairman and Managing Director

From the Desk of Co-Founder and Director-Finance

> "The year ahead will demand the same level of commitment to fulfil the aspiration of the Company's growth.

My Dear Shareholders,

I am delighted to share the financial results for FY 2018-19. This year was significant from the perspective that, we crossed ₹ 5,000 crores in AUM despite one of the most challenging environment for the NBFC sector. Navigating this challenge successfully can be mainly attributed to our understanding based on the experience of more than two decades of following the basics. I can very confidently share with you that, we had never entertained any imprudent practice for the short-term benefits.

The debt management at MAS comprises of direct assignment, term loans, and cash credit facilities. It is important to note that the direct assignment route is successfully practised by us since more than a decade. The respect we command from our lenders during this tough period is the testimony of our immaculate track record; pursuing quality growth and more than satisfactory level of capitalisation.

The year ahead will demand the same level of commitment to fulfil the aspiration of the Company's growth. Let me assure you that we have strategised accordingly and are confident of executing the same. The interest shown by the various lenders is also very encouraging.

The board, team MAS, the lenders, investors, and all stakeholders deserve our heartfelt appreciation for their continuous belief in us. We, at MAS, remain committed to our mission of "Excellence through Endeavours".

Best wishes,

Mukesh C. Gandhi
Director - Finance

Corporate Snapshot

Portrait of MAS

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.

Catering to the financial needs of lower income and middle-income groups of society, MAS offers a range of retail financing products for Micro Enterprises and Small and Medium Enterprises, Home Loans, Two-Wheeler Loans, Used Car Loans and Commercial Vehicle Loans. With a presence across urban, semi-urban and rural areas, the Company provides credit solutions for both the formal and informal sectors.

With its network of 78 branches, as at end March 2019, MAS caters to over 5,00,000 clients in more than 3,300 centres, in an endeavour to fulfil its quest to take top-class services to the doorstep of the people of India. These touchpoints are spread across the states of Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu and Karnataka.

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 credibility, in the absence of proper and systematic credit documents, including creditworthiness through other channels. It also leverages the distribution network of its partner MFI-NBFCs/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"

Key Milestones over the years

1995
- On incorporation, commenced retail finance operations with Two-wheeler and Micro-Enterprise loans

2006
- Received first round of capital infusion of ₹ 65 Mn from Bellwether Micro Fund

2008
- Acquired second and third round of capital infusion worth ₹ 435 Mn and ₹ 400 Mn from FMO and ICICI Venture, respectively
- Floated the housing finance subsidiary

2011
- Listing of NCDs on Bombay Stock Exchange

2012
- Received the fourth round of capital infusion of ₹ 650 Mn from DEG

2013
- Disbursement and AUM crossed ₹ 10 Bn

2014
- Sarva Capital purchased 50% CCPS held by FMO in secondary deal

2015
- Raised Subordinate Debentures of ₹ 200 Mn
- AUM crossed ₹ 20 Bn

2016
- Bank loan rating was upgraded to 'IND A' with 'Stable outlook'
- Raised subordinate debentures of ₹ 400 Mn

2017
- AUM crossed ₹ 30 Bn
- Motilal Oswal infused capital of ₹ 1,000 Mn

2018
- Listing of Equity Shares on Bombay Stock Exchange & National Stock Exchange
- Received additional capital infusion of ₹ 350 Mn from Motilal Oswal
- Raised fresh capital of ₹ 2,330 Mn through an IPO

2019
- AUM crossed ₹ 50 Bn
- Bank loan rating upgraded to "Acuité AA -" with Stable outlook and Short-term rating assigned as Acuité A1+

Geographical Presence

MAS has 78 branches across 6 States and NCT of Delhi

5,00,000+ active customers across 3,300+ locations in rural, semi urban and urban areas.

1 GUJARAT
Branches 38: across the state

2 MAHARASHTRA
Branches 19: covering major towns

3 RAJASTHAN
Branches 8: covering major towns

4 MADHYA PRADESH
Branches 8: covering major towns

5 KARNATAKA
Branches 2: in Bengaluru & Hubli

6 TAMIL NADU
Branches 2: in Chennai & Coimbatore

7 DELHI NCT
Branch 1

Key Strengths

Caters to a wide base of Borrowers

MAS has been catering to the needs of the vast financially underserved masses of the country, both in the formal and informal sectors of the urban, semi-urban and rural areas across seven states. This presents a colossal opportunity to expand its presence and business.

Growing range of Lending Products

Over the past 24 years, MAS has created a diversified portfolio of loan products, which include for Micro Enterprises and Small and Medium Enterprises, Home Loans, Two-Wheeler Loans, Used Car Loans and Commercial Vehicle Loans.

Strong Retail Presence and Wide Distribution Network

MAS believes in offering best-in-class services at the doorstep of its customers. Powered by this mission, it has set up a robust retail network that expands even into the hinterlands.

Achieved Consistent Growth

Irrespective of economic cycles and other external factors, MAS has delivered consistent growth in profitability and returns over the years. Alongside stellar growth in the AUM, the GNPAs and NPAs have remained negligible.

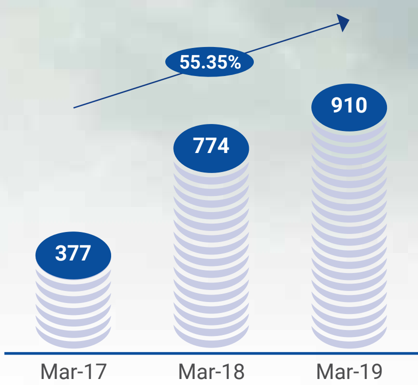
Efficient Liability Management

MAS 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. Side by side, the Company ensures robust Tier I and Tier II CRAR.

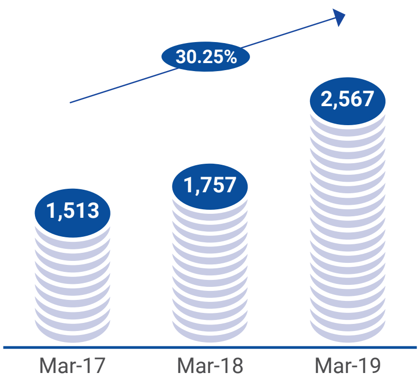
Financial Performance

Assets Under Management (₹ in Crores)

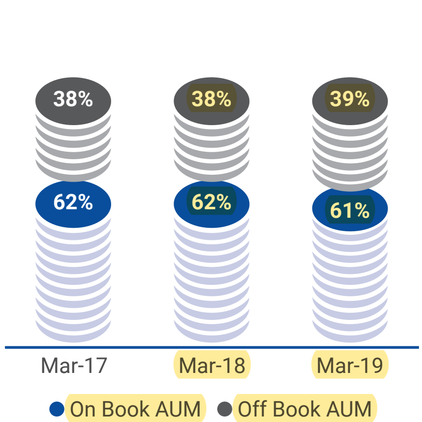
Net Worth (₹ in Crores)



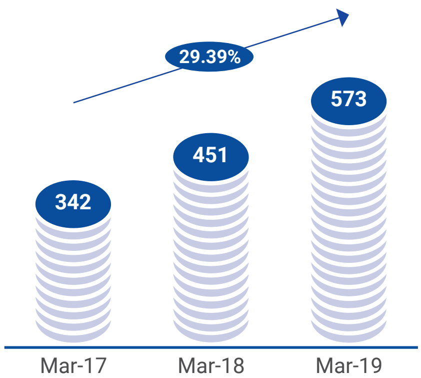
Borrowings (₹ in Crores)



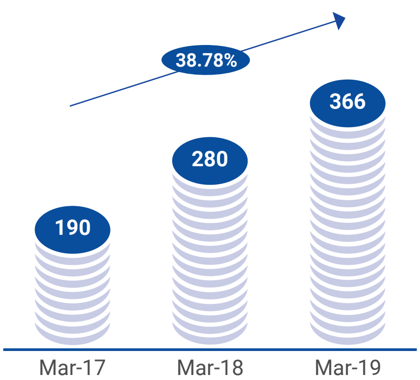
On & Off Book AUM (%)



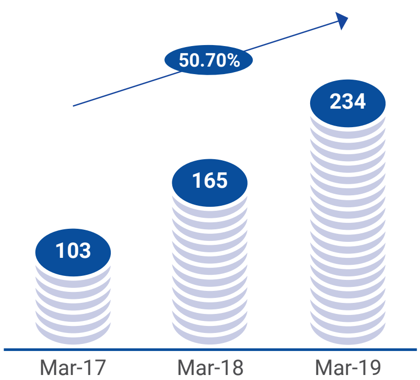
Revenue (₹ in Crores)



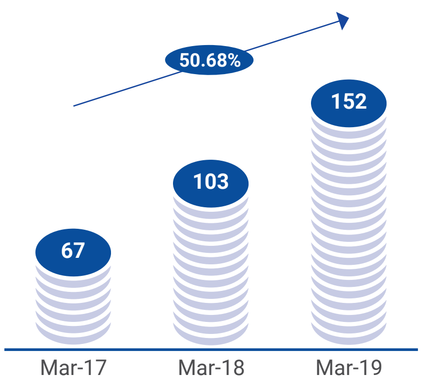
Net Interest Income (₹ in Crores)



Profit Before Tax (₹ in Crores)



Profit After Tax (₹ in Crores)



(The financial figures of FY 2017 are as per IGAAP and figures of FY 2018 and FY 2019 are as per IndAS)

What Makes Us Who We Are and What Do We Want to Be!

For close to two and a half decades, since our inception, we have seen economic sweet spots and times of despair. We have witnessed market upcycles and downturns. We have lived through phases when liquidity was tight and thrived when markets were awash with funds.

Through it all, we have followed a single code:

Excellence Through Endeavours

This dictum has been our guiding light in tough times and our sail when tailwinds have propelled us forward. Every thought and action, every strategy and tactic and every intent and initiative that we take emanates from this deeply embedded belief.

We pride ourselves for having followed the path of quality growth. We do not perceive our clients as borrowers but rather as entrepreneurs and consumption aspirants. We appreciate that their need for capital must be met both adequately and in a timely manner, on fair terms, if they must carry the investment and consumption stories forward. This has driven us to craft our baseline philosophy of ensuring that we extend credit where it is due.

We are constantly alert to emerging trends as well as the unique and evolving needs of our clients and we consider remodelling our lending products and processes to meet the credit requirements of our customers in depth and detail, ensuring an efficient lastmile delivery of credit.

We endeavour to partner with our clients, not just as their lenders but advisers. Towards this end, we help them to craft and create the most suitable financial solution for their situation, rather than just disbursing a loan. This approach stands us in good stead for the long term as our success lies in their successes; and together we can and we will succeed.

We also treat our people as stakeholders rather than employees as we acknowledge that they are truly the force that drives MAS from one milestone to the next. We aim to infuse a culture of proprietorship amidst our people and empower them with the ownership to contribute and lead, irrespective of where they belong within the geography and hierarchy. We seek to foster a strong sense of belonging which invokes in them a deep commitment to the Company and a firm responsibility towards all stakeholders. This culture at MAS, which rests on ethics and integrity, is ingrained in every employee, with a shared vision and goal to deliver.

We began our journey with a modest AUM of ₹ 2 crores when we commenced operations in FY 1995-96. Twenty-four years later, we have crossed the ₹ 5,000 crores AUM mark and growing at the rate of 20-25%. When we look ahead, we are excited to carry this great compounding story into the future.

At the end of the day, it is Excellence through Endeavours which is the guiding principle in all we have achieved so far.

It is also the force that takes us from one milestone to the next, giving us the courage and conviction to keep moving forward.

Board of Directors

Mr. Kamlesh C. 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 vision is among the key enablers for the consistent performance of the Company.

Mr. Mukesh C. Gandhi

Co-Founder, Whole-Time Director & CFO

He is actively involved in the strategic decisions of the Company. He is a 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 and also the Committee Member of Finance Industry Development Council (FIDC).

Mrs. Darshana S. Pandya

Director & COO

She is responsible for leading the operations at MAS 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. Balabhaskaran N. Nair

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 R. 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 R. 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.

Mrs. Daksha Niranjan Shah

Additional Director

She is a business graduate from Indian Institute of Management (IIM), Ahmedabad, specialising in Finance and Marketing and also a student of Economics and Statistics. She has rich experience of more than three decades in diversified fields of Textile, Chemical and Financial services. She has undergone various courses such as the course in Microfinance at the Economic Institute, Boulder, Colorado, USA.

Corporate Information

Board of Directors

Mr. Kamlesh C. Gandhi
Chairman & Managing Director
DIN - 00044852

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

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

Mr. Balabhaskaran N. Nair
Independent Director
DIN - 00393346

Mr. Chetan R. Shah
Independent Director
DIN - 02213542

Mr. Umesh R. Shah
Independent Director
DIN - 07685672

Mrs. Daksha N. Shah
Additional Director
DIN - 00376899

Chief Financial Officer

Mr. Mukesh C. Gandhi

Company Secretary & Compliance Officer

Ms. Riddhi Bhaveshbhai Bhayani
(Mem. No. A41206)

Investor Relations

Mr. Ankit Jain

Audit Committee Members

Mr. Balabhaskaran N. Nair *(Chairman)*
Mr. Chetan Ramniklal Shah *(Member)*
Mr. Umesh Rajanikant Shah *(Member)*

Stakeholders' Relationship Committee Members

Mr. Balabhaskaran N. Nair *(Chairman)*
Mr. Mukesh C. Gandhi *(Member)*
Mr. Chetan Ramniklal Shah *(Member)*

Nomination & Remuneration Committee Members

Mr. Balabhaskaran N. Nair *(Chairman)*
Mr. Chetan Ramniklal Shah *(Member)*
Mr. Umesh Rajanikant Shah *(Member)*

CSR Committee Members

Mr. Mukesh C. Gandhi *(Chairman)*
Mrs. Darshana S. Pandya *(Member)*
Mr. Balabhaskaran N. Nair *(Member)*

List of Banking Relationships & Subscribers to Debt Issues

- Andhra Bank
- AU Small Finance Bank Limited
- Bajaj Finance Limited
- Bank of Baroda
- Bank of India
- Bank of Maharashtra
- Baroda Gujarat Gramin Bank
- Canara Bank
- Central Bank of India
- HDFC Bank Limited
- ICICI Bank Limited
- IDBI Bank Limited
- IDFC First Bank Limited
- Indian Bank
- Indian Overseas Bank
- Kotak Mahindra Bank Limited
- Laxmi Vilas Bank Limited
- Mahindra & Mahindra Financial Services Limited
- Nabsamruddhi Finance Limited
- Oriental Bank of Commerce
- Punjab National Bank
- Shinhan Bank
- Small Industrial Development Bank of India
- The South Indian Bank Limited
- State Bank of India
- Sundaram Finance Limited
- Syndicate Bank
- Tamilnad Mercantile Bank Limited
- Tata Capital Financial Services Limited
- The Federal Bank Limited
- RBL Bank Limited
- Union Bank of India
- United Bank of India

Statutory Auditors

B S R & Co. LLP
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Registrar & Share 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 Trustees

Catalyst Trusteeship Ltd.
GDA House, Plot No. 85, Bhusari Colony, Paud Road, Pune – 411 038

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

Registered Office

6 Ground Floor, Narayan Chambers,
Behind Patang Hotel, Ashram Road,
Ahmedabad - 380 009
Corporate Identification No.:
L65910GJ1995PLC026064

Listed on Stock Exchange

National Stock Exchange of India Limited (NSE) & Bombay Stock Exchange (BSE)

Notice

NOTICE is hereby given that the Twenty Fourth (24th) Annual General Meeting (AGM) of the members of MAS Financial Services Limited will be held at 10:00 A.M., on Wednesday, the 26th day of June, 2019 at H. T. Parekh Convention Centre, 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 on March 31, 2019 and the Reports of the Board of Directors and the Auditors thereon.

2. To declare final dividend on Equity Shares of the Company.

3. To appoint a Director in place of Mrs. Darshana Saumil Pandya (DIN 07610402), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

4. **Appointment of Mrs. Daksha Niranjan Shah (DIN: 00376899) as a Woman Independent Director of the Company for a term of 1 year.**

   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 149 (4) of the Companies Act, 2013 read with rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) and in terms of amended provisions of Regulation 17(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and in pursuance to recommendation of Nomination and Remuneration Committee, Mrs. Daksha Niranjan Shah (DIN: 00376899) who has signified her consent in the Form DIR-2, be and is hereby appointed as a Woman Independent Director of the Company for a period of 1 year, with effect from 14th March, 2019.

   RESOLVED FURTHER THAT any one of the Directors of the Company or Company Secretary of the Company be and are hereby individually authorized to file necessary forms with the office of Registrar of Companies and to do all such acts, deeds and things as may be required in order to give effect to the above resolution. "

5. **Re-appointment Mr. Kamlesh C. Gandhi (DIN: 00044852) as the Managing Director of the Company for a term of 5 years.**

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

   "RESOLVED THAT pursuant to the provisions of the Sections 196, 197, 203, read with Schedule V 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) in context of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), and the Articles of Association of the Company, and in pursuance to recommendation of Nomination and Remuneration Committee of the Company, approval of the Members of the Company be and is hereby accorded for the reappointment of Mr. Kamlesh Gandhi (DIN: 00044852) as the Managing Director of the Company for a period of Five years w.e.f. April 1, 2019 due to expiry of his earlier term on March 31, 2019 and whose office is liable to retire by rotation.

   RESOLVED FURTHER THAT the aggregate amounts of Managerial Remuneration to be paid to Mr. Kamlesh Gandhi individually which shall be within the overall ceiling limit as laid down in Section 197 and other applicable provisions of the Companies Act, 2013 and any amendment thereof.

   RESOLVED FURTHER THAT approval of members of the Company be and is hereby given to make any further revision in the remuneration payable to Mr. Kamlesh Gandhi during the tenure of his appointment which shall be within the overall ceiling limits as laid down in Section 197 and other applicable provisions of the Companies Act, 2013 and any amendments thereof.

   RESOLVED FURTHER THAT the Board of Directors (including a Committee thereof) be and is hereby authorized to do all such things, deeds and matters and acts as may be required to give effect to this resolution."

6. **Re-appointment Mr. Mukesh C. Gandhi (DIN: 00187086) as the Whole-time Director of the Company for a term of 5 years.**

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

   "RESOLVED THAT pursuant to the provisions of the Sections 196, 197, 203, read with Schedule V 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) in context of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), and the Articles of Association of the Company, and in pursuance to recommendation of Nomination and Remuneration Committee of the Company, approval of the Members of the Company be and is hereby accorded for the reappointment of Mr. Mukesh C. Gandhi (DIN: 00187086) as the Whole-time Director of the Company for a period of Five years w.e.f. April 1, 2019 due to expiry of his earlier term on March 31, 2019 and whose office is liable to retire by rotation.

RESOLVED FURTHER THAT the aggregate amounts of Managerial Remuneration to be paid to Mr. Mukesh Gandhi individually which shall be within the overall ceiling limit as laid down in Section 197 and other applicable provisions of the Companies Act, 2013 and any amendment thereof.

RESOLVED FURTHER THAT approval of members of the Company be and is hereby given to make any further revision in the remuneration payable to Mr. Mukesh Gandhi which shall be within the overall ceiling limits as laid down in Section 197 and other applicable provisions of the Companies Act, 2013 and any amendments thereof.

RESOLVED FURTHER THAT the Board of Directors (including a Committee thereof) be and is hereby authorized to do all such things, deeds and matters and acts as may be required to give effect to this resolution."

7. **Re-appointment Mr. Balabhaskaran (DIN: 00393346) as an Independent Director of the Company for a term of 5 years.**

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and in pursuance to the recommendation of Nomination and Remuneration Committee, approval of the members of the Company be and is hereby accorded to reappoint Mr. Balabhaskaran (DIN: 00393346), as an Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment to hold office for second term of five consecutive years with effect from 1st April, 2019 to 31st March, 2024 and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors (including a Committee thereof) be and is hereby authorized to do all such things, deeds and matters and acts as may be required to give effect to this resolution."

8. **Re-appointment Mr. Chetan Shah (DIN: 02213542) as an Independent Director of the Company for a term of 5 years.**

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in pursuance to recommendation of Nomination and Remuneration Committee, approval of the members of the Company be and is hereby accorded for reappointment of Mr. Chetan R. Shah (DIN: 02213542) as an Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment to hold office for second term of five consecutive years with effect from 1st April, 2019 to 31st March, 2024 and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors (including a Committee thereof) be and is hereby authorized to do all such things, deeds and matters and acts as may be required to give effect to this resolution".

Regd. Office:
6, Ground Floor, Narayan Chambers,
Behind Patang Hotel, Ashram Road,
Ahmedabad – 380 009.

By order of the Board

Riddhi Bhayani
Company Secretary & Compliance Officer
(Mem. No. A41206)

Place: Ahmedabad
Date: May 08, 2019

NOTES:

A. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE 24th 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. 4 to 8 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 Thursday, June 20, 2019 to Wednesday, June 26, 2019, (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 June 26, 2019.

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 Securities and Exchange Board of India (LODR) Regulations, 2015, this Notice and the Annual Report of the Company for the financial year 2018-19 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 2018-19 of the Company is also available on the Company's website at https://www.mas.co.in/annual-reports.html 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 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 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 24th 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 Services (India) Limited (CDSL).

II. The facility for voting through ballot paper/ Electronic Voting System (Tab Voting Facility) 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/ Electronic Voting System (Tab Voting Facility).

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 Sunday the 23rd June, 2019 and ends at 5.00 P.M. on Tuesday, the 25th June, 2019. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, 19th June, 2019, 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 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 – 190516001 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 Wednesday, June 19, 2019.
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/Electronic Voting System (Tab Voting Facility).
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 seven 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/e-Voting available for android based mobiles. The m/e-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 https://www.mas.co.in/equity.html and on the website of CDSL i.e. www.evotingindia.com within seven days of the passing of the Resolutions at the 24th 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.

ANNEXURE TO THE EXPLANATORY STATEMENT

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

Particulars	Retire by rotation
Name of the Director	Mrs. Darshana Saumil Pandya
DIN	07610402
Date of birth	17/11/1972
Age	47 years
Qualification	She holds Bachelor's degrees in Commerce from Gujarat University.
Experience (including expertise in specific functional area) / Brief Resume	Over 22 years of experience in the financial service sector
Nature of her expertise in specific functional areas	Finance & Management - Operations
Terms and Conditions of Re-appointment	N.A.
Remuneration last drawn	₹ 23.69 Lakh (FY 2017-18)
Remuneration proposed to be paid	As per existing terms and conditions
Date of first appointment on the Board	23rd September, 2016
Shareholding in the company	15,434 (0.0282%) Equity Shares as on March 31, 2019
Relationship with other Directors/ Manager and other Key Managerial Personnel of the company	NIL
Number of Meetings of the Board attended during the year 2018-19	6
Names of listed entities in which the person also holds the Directorships.	1 (i.e. MAS Financial Services Limited)
Names of listed entities in which the person also holds Membership of Committees of Board.*	NIL

Particulars	Appointment
Name of the Director	Mrs. Daksha Shah
DIN	00376899
Date of birth	08/05/1945
Age	74 years
Qualification	She is a business graduate from Indian Institute of Management (IIM), Ahmedabad, specializing in Finance and Marketing and also a student of Economics and Statistics. She has undergone various courses such as the course in Microfinance at the Economic Institute, Boulder, Colorado, USA.
Experience (including expertise in specific functional area) / Brief Resume	She has rich experience of more than three decades in diversified fields of Textile, Chemical and Financial services. She worked as a Programme Director of Vikas Centre for Development and Friends of Women's World Banking by serving and building capacity of more than 80 Microfinance Organizations all over India. She has served on the Board of various MFIs as well as Trustee of various Trusts involved in social and humanitarian work. She worked as Managing Director of Pahal Financial Services Pvt. Ltd. from 2011 to 2014. At present she is the Managing Director of Altura Financial Services Ltd. since 2014.
Nature of her expertise in specific functional areas	Finance & Marketing
Terms and Conditions of Appointment	Mrs. Daksha Shah is appointed as an Independent Director in the meeting of the Board of Directors held on 14th March, 2019 for a period of 1 year subject to approval of the members of the Company in the ensuing Annual General Meeting of the Company.
Remuneration last drawn	NIL
Remuneration proposed to be paid	NIL
Date of first appointment on the Board	14th March, 2019

Particulars	Appointment
Shareholding in the company	NIL
Relationship with other Directors/Manager and other Key Managerial Personnel of the company	NIL
Number of Meetings of the Board attended during the year 2018-19	1
Names of listed entities in which the person also holds the Directorships.	3 (i.e. MAS Financial Services Limited, Sadbhav Infrastructure Project Limited and Nagpur - Seoni Express Way Limited (Only Debt is listed)
Names of listed entities in which the person also holds Membership of Committees of Board.*	1 – Chairperson 1 – Member

Particulars	Reappointment
Name of the Director	Mr. Kamlesh C. Gandhi
DIN	00044852
Date of birth	02/02/1966
Age	53 years
Qualification	He holds Higher secondary school examination certificate from the Gujarat Secondary Education Board, Gandhinagar in 1983.
Experience (including expertise in specific functional area) / Brief Resume	He has rich experience of over 23 years in the financial services sector.
Nature of his expertise in specific functional areas	Management & Finance
Terms and Conditions of Re-appointment	Mr. Kamlesh C. Gandhi is re-appointed as Managing Director of the company w.e.f. April 1, 2019 for a period of 5 years in the meeting of the Board of Directors of the Company held on 14th March, 2019 subject to approval of Shareholders in the ensuing General Meeting.
Remuneration last drawn	₹ 555.96 Lakh (FY 2017-18)
Remuneration proposed to be paid	As per the resolution passed by the Board of Directors at the Meeting held on 14th March, 2019 subject to approval of shareholders.
Date of first appointment on the Board	25th May, 1995
Shareholding in the Company	62,64,081 (11.46%) Equity Shares as on March 31, 2019.
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 during the year 2018-19	6
Names of listed entities in which the person also holds the Directorships	1 (i.e. MAS Financial Services Limited)
Names of listed entities in which the person also holds Membership of Committees of Board.*	Nil

Particulars	Reappointment
Name of the Director	Mr. Mukesh C. Gandhi
DIN	00187086
Date of birth	20/10/1957
Age	61 years
Qualification	He holds Bachelor's and Master's degrees in commerce from Gujarat University.
Experience (including expertise in specific functional area) / Brief Resume	He has over 23 years of experience in the financial services sector, with our Company. He is also the Chairman of the Gujarat Finance Company Association and a Director of the Finance Industry Development Council.
Nature of his expertise in specific functional areas	Management & Finance

Particulars	**Reappointment**
Terms and Conditions of Re-appointment	Mr. Mukesh C. Gandhi is re-appointed as a Whole time Director of the company w.e.f. April 1, 2019 for a period of 5 years in the meeting of the Board of Directors of the Company held on 14th March, 2019 subject to approval of Shareholders in the ensuing General Meeting.
Remuneration last drawn	₹ 555.64 Lakh (FY 2017-18)
Remuneration proposed to be paid	As per the resolution passed by the Board of Directors at the Meeting held on 14th March, 2019 subject to approval of shareholders.
Date of first appointment on the Board	25th May, 1995
Shareholding in the company	1,61,55,814 (29.56%) Equity Shares as on March 31, 2019.
Relationship with other Directors/Manager and other Key Managerial Personnel of the company	Elder brother of Mr. Kamlesh Gandhi, Chairman & Managing Director of the Company.
Number of Meetings of the Board attended during the year 2018-19	6
Names of listed entities in which the person also holds the Directorships	1 (i.e. MAS Financial Services Limited)
Names of listed entities in which the person also holds Membership of Committees of Board.*	SRC Committee – Member in MAS Financial Services Limited.

Particulars	**Reappointment**
Name of the Director	Mr. Balabhaskaran
DIN	00393346
Date of birth	15/02/1951
Age	68 years
Qualification	He holds a bachelor's of technology degree in electrical engineering (power) from Indian Institute of Technology, Madras, a post graduate diploma in management from Indian Institute of Management, Bangalore and a doctorate in management from Sardar Patel University. He is also a qualified chartered financial analyst registered with the Institute of Chartered Financial Analysts of India.
Experience (including expertise in specific functional area) / Brief Resume	He has over 22 years of professional experience and has in the past held various positions with Shanti Business School as Director, PGDM, Gujarat Industrial Investment Corporation Limited as Senior Manager (Overseas Cell), Jyoti Limited as the Corporate Planning Officer, Bihar State Credit & Investment Corporation Private Limited as Development Officer, Indian Institute of Management as a researcher, Tata Merlin & Gerin Limited as Junior Engineer, Khira Steel Works Private Limited as Trainee Industrial Engineer, and Reunion Engineering Company Private Limited as Trainee Engineer.
Nature of his expertise in specific functional areas	Finance & Accounts
Terms and Conditions of Re-appointment	Mr. Balabhaskaran is re-appointed as an Independent Director w.e.f. April 1, 2019 for a period of 5 years in the meeting of the Board of Directors of the Company held on 14th March, 2019 subject to approval of Shareholders in the ensuing General Meeting.
Remuneration last drawn	Nil
Remuneration proposed to be paid	Nil
Date of first appointment on the Board	25th May, 1995
Shareholding in the company	945 Equity Shares 0.00%
Relationship with other Directors/Manager and other Key Managerial Personnel of the company	Nil
Number of Meetings of the Board attended during the year 2018-19	6

Particulars	Reappointment
Names of listed entities in which the person also holds the Directorships	1 (i.e. MAS Financial Services Limited)
Names of listed entities in which the person also holds Membership of Committees of Board*	MAS Financial Services Limited Audit Committee – Chairman Nomination & Remuneration Committee – Chairman SRC - Chairman

Particulars	Reappointment
Name of the Director	Mr. Chetan Shah
DIN	02213542
Date of birth	25/11/1954
Age	65 years
Qualification	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.
Experience (including expertise in specific functional area) / Brief Resume	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.
Nature of his expertise in specific functional areas	Finance & Accounts
Terms and Conditions of Re-appointment	Mr. Chetan Shah is re-appointed as an Independent Director w.e.f. April 1, 2019 for a period of 5 years in the meeting of the Board of Directors of the Company held on 14th March, 2019 subject to approval of Shareholders in the ensuing General Meeting.
Remuneration last drawn	Nil
Remuneration proposed to be paid	Nil
Date of first appointment on the Board	06th June, 2008
Shareholding in the company	NIL
Relationship with other Directors/Manager and other Key Managerial Personnel of the company	NIL
Number of Meetings of the Board attended during the year 2018-19	4
Names of listed entities in which the person also holds the Directorships	1 (i.e. MAS Financial Services Limited)
Names of listed entities in which the person also holds Membership of Committees of Boards*	MAS Financial Services Limited Audit Committee – Member Nomination & Remuneration Committee – Member SRC – Member

*Committee includes Audit Committee, Nomination & Remuneration Committee and Stakeholder Relationship Committee across all Listed Companies including this company.

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. 4 to 8 of the Notice.

Item No.: 4 Appointment of Mrs. Daksha Shah as a Woman Independent Director

Mrs. Daksha Shah, aged 74 years, is an additional Woman (Independent) Director of our Company. She is a business graduate from Indian Institute of Management (IIM), Ahmedabad, specializing in Finance and Marketing and also a student of Economics and Statistics. She has undergone various courses such as the course in Microfinance at the Economic Institute, Boulder, Colorado, USA. She has rich experience of more than three decades in diversified fields of Textile, Chemical and Financial services. She worked as a Programme Director of Vikas Centre for Development and Friends of Women's World Banking by serving and building capacity of more than 80 Microfinance Organizations all over India. She has served on the Board of various MFIs as well as Trustee of various Trusts involved in social and humanitarian work. She worked as Managing Director of Pahal Financial Services Pvt. Ltd. from 2011 to 2014. At present she is the Managing Director of Altura Financial Services Ltd. since 2014.

She has been associated with our Company as an additional Woman (Independent) Director with effect from 14th March, 2019.

As per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective meetings held on 14th March, 2019, subject to approval of Members at the ensuing Annual General Meeting, Mrs. Daksha Shah (DIN: 00376899) appointed as an Additional Woman Independent Director of the Company for a period of 1 year, with effect from 14th March, 2019 and whose office shall not be liable to retire by rotation.

The Company has also received a declaration from Mrs. Daksha Shah confirming the criteria of Independence as prescribed under Section 149(6) of the Companies Act. Mrs. Daksha Shah is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013, as amended from time to time. In the opinion of the Board, she fulfills the conditions specified in the Companies Act, 2013 and is independent of the management.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

Mrs. Daksha Shah is deemed to be interested in the resolution. None of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives is in any way concerned or interested in the proposed resolution.

The Board recommends the resolutions set forth in the Item No. 4 of the Notice for approval of the Members.

Item No.: 5

Mr. Kamlesh C. Gandhi, aged 53 years, is the Chairman and Managing Director of our Company. He holds Higher secondary school examination certificate from the Gujarat Secondary Education Board, Gandhinagar in 1983. He is having a vast managerial experience of over 23 years in the financial services sector. He has been associated with our Company since May 25, 1995 and as Managing Director since November 1, 1995.

As per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective meetings held on 14th March, 2019, subject to approval of Members at the ensuing Annual General Meeting. Mr. Kamlesh C. Gandhi (DIN: 00044852), Chairman & Managing Director of the Company being eligible for re-appointment for further period of 5 years w.e.f. April 1, 2019 on the terms and conditions as set out in this item of the Notice and as per draft agreement executed between Mr. Kamlesh C. Gandhi and the Company.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

Mr. Kamlesh C. Gandhi and Mr. Mukesh C. Gandhi and their relatives are deemed to be interested in the resolution. None of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives is in any way concerned or interested in the proposed resolution.

The Board recommends the resolutions set forth in the Item No. 5 of the Notice for approval of the Members.

Item No.:6

Mr. Mukesh C. Gandhi, aged 61 years, is the Whole-time Director of our Company. He holds Bachelor's and Master's degrees in commerce from Gujarat University. He is having a vast managerial experience of over 23 years in the financial services sector with our Company. He is also the Chairman of the Gujarat Finance Company Association and a Director of the Finance Industry Development Council. He has been associated with our Company since May 25, 1995. He was designated as the Director (Finance) and Chief Financial Officer of our Company on March 20, 2015.

As per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective meetings held on 14th March, 2019, subject to approval of Members at the ensuing Annual General Meeting. Mr. Mukesh C. Gandhi (DIN: 00187086), Whole-time Director of the Company being eligible for re-appointment for further period of 5 years w.e.f. April 1, 2019 on the terms and conditions as set out in this item of the Notice and as per draft agreement executed between Mr. Mukesh C. Gandhi and the Company.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

Mr. Mukesh C. Gandhi and Mr. Kamlesh C. Gandhi and their relatives are deemed to be interested in the resolution. None of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives is in any way concerned or interested in the proposed resolution.

The Board recommends the resolutions set forth in the Item No. 6 of the Notice for approval of the Members.

Item No.:7

Mr. Balabhaskaran, aged 68 years, is an Independent Director of our Company. He holds a bachelor's of technology degree in electrical engineering (power) from Indian Institute of Technology, Madras, a Post Graduate Diploma in Management from Indian Institute of Management, Bangalore and a doctorate in management from Sardar Patel University. He is also a qualified Chartered Financial Analyst registered with the Institute of Chartered Financial Analysts of India. He is having a vast experience of over 22 years of professional experience and has in the past held various positions with Shanti Business School as Director, PGDM, Gujarat Industrial Investment Corporation Limited as Senior Manager (Overseas Cell), Jyoti Limited as the Corporate Planning Officer, Bihar State Credit & Investment Corporation Private Limited as Development Officer, Indian Institute of Management as a researcher, Tata Merlin & Gerin Limited as Junior Engineer, Khira Steel Works Private Limited as Trainee Industrial Engineer, and Reunion Engineering Company Private Limited as Trainee Engineer. He has been associated with our Company as a Director since November 1, 1995 and as an independent Director since April 1, 2014.

As per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective meetings held on 14th March, 2019, subject to approval of Members at the ensuing Annual General Meeting, Mr. Balabhaskaran (DIN: 00393346) was appointed as Independent Director of the Company to hold office for second term of five consecutive years with effect from 1st April, 2019 to 31st March, 2024 and whose office shall not be liable to retire by rotation.

The Company has also received a declaration from Mr. Balabhaskaran confirming the criteria of Independence as prescribed under Section 149(6) of the Companies Act. Mr. Balabhaskaran is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013, as amended from time to time. In the opinion of the Board, he fulfills the conditions specified in the Companies Act, 2013 and is independent of the management.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

Mr. Balabhaskaran is deemed to be interested in the resolution. None of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives is in any way concerned or interested in the proposed resolution.

The Board recommends the resolutions set forth in the Item No. 7 of the Notice for approval of the Members.

Item No.:8

Mr. Chetan R. Shah, aged 65 years, is an Independent Director of our Company. He holds Bachelor's degree 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 is having a vast experience of over 33 years in the financial services sector and has in the past worked with the Natpur Co-operative Bank as the Manager – Finance. He has been associated with our Company since June 6, 2008 and as an independent Director since April 1, 2014.

As per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective meetings held on 14th March, 2019, subject to approval of Members at the ensuing Annual General Meeting, Mr. Chetan R. Shah (DIN: 02213542) was appointed as an Independent Director of the Company to hold office for second term of five consecutive years with effect from 1st April, 2019 to 31st March, 2024 and whose office shall not be liable to retire by rotation.

The Company has also received a declaration from Mr. Chetan R. Shah confirming the criteria of Independence as prescribed under Section 149(6) of the Companies Act. Mr. Chetan R. Shah is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013, as amended from time to time. In the opinion of the Board, he fulfills the conditions specified in the Companies Act, 2013 and is independent of the management.

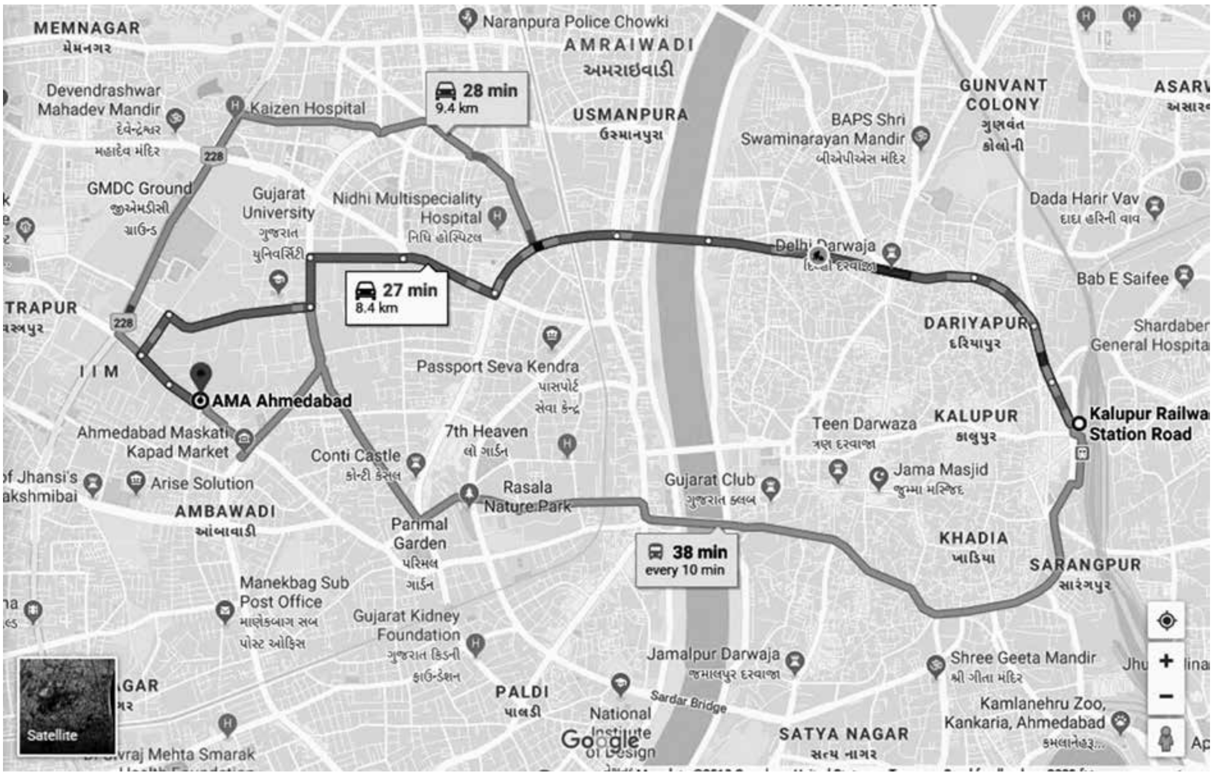
Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

Mr. Chetan R. Shah is deemed to be interested in the resolution. None of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives is in any way concerned or interested in the proposed resolution.

The Board recommends the resolutions set forth in the Item No. 8 of the Notice for approval of the Members.

Contact Details:	
Company	MAS Financial Services Limited 6, Narayan Chambers, Ground Floor, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009. CIN: L65910GJ1995PLC026064
Company Secretary & Compliance Officer	Ms. Riddhi Bhaveshbhai Bhayani Email Id: Riddhi_Bhayani@mas.co.in
Registrar and Transfer Agent	Link Intime India Private Limited C-101, 1st Floor, 247 Park Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083
e-Voting Agency	Central Depository Services (India) Limited E-mail ID: helpdesk.evoting@cdslindia.com Phone : 022- 22723333 / 8588
Scrutnizer:	Mr. Ravi Kapoor Practicing Company Secretary E-Mail id: ravi@ravics.com

Route Map of 24th Annual General Meeting



Directors' Report

To,
The Members,
MAS FINANCIAL SERVICES LIMITED
Ahmedabad

Your Directors are pleased to present the 24th ANNUAL REPORT of your Company together with the Audited Accounts drawn for the year ended on March 31, 2019.

FINANCIAL RESULTS:

(₹ in Lakh)

Particulars	Standalone		Consolidated	
	Year Ended on 31st March, 2019	Year Ended on 31st March, 2018	Year Ended on 31st March, 2019	Year Ended on 31st March, 2018
Revenue from Operations	57,233.34	45,069.17	60,457.65	47,677.53
Other Income	24.68	20.45	12.01	3.06
Total Income	**57,258.02**	**45,089.62**	**60,469.66**	**47,680.59**
Total Expenditure	**33,865.07**	**28,573.90**	**36,668.85**	**30,903.59**
Profit Before Tax	23,392.95	16,515.72	23,800.81	16,777.00
Provision for Taxation (Including Current tax, Deferred Tax & Income Tax of earlier Years)	8,181.44	6,172.57	8,340.16	6,257.97
Net Profit	**15,211.51**	**10,343.15**	**15,460.65**	**10,519.03**
Net Profit attributable to the owners of the Holding Company	-	-	15,353.69	10,437.97
Profit Brought Forward	17,557.38	(4017.83)	17,754.57	(3,845.55)
Effect of changes in Group's interest	-	-	586.50	-
Profit Available for Appropriation	**32,768.89**	**6,325.32**	**33,694.76**	**6,592.42**
APPROPRIATIONS:				
Transfer to reserve u/s 45-IA of RBI Act, 1934	3,042.30	2,067.48	3,042.30	2,067.48
Transfer to reserve u/s 29-C of NHB Act, 1987	-	-	61.28	46.67
Final Dividend on equity shares	1,180.70	-	1,180.70	-
Interim Dividend on Equity Shares	819.93	819.93	819.93	819.93
Final Dividend on Preference shares	-	-	19.09	18.58
Dividend distribution tax on Equity Shares	407.35	166.95	407.91	168.00
Dividend distribution tax on Preference Shares	-	-	3.95	3.61
Conversion of convertible Instruments measured at Amortized Cost	-	(14,286.42)	-	(14,286.42)
Surplus Balance carried to Balance Sheet	**27,318.61**	**17,557.38**	**28,159.60**	**17,754.57**

BUSINESS PERFORMANCE:

In the year 2018-19 the Company crossed ₹ 5,000 crore AUM, registering a robust growth of 28.42% on YoY basis. Asset under Management is ₹ 5338.37 crores (Previous year ₹ 4157.02 crore).

The gross income realized by the Company is ₹ 572.58 crore (Previous year ₹ 450.90 crore) comprising of income from operations and other income. Net Profit after tax is ₹ 152.11 crore (Previous year ₹ 103. 43 crore), registering a robust growth of 26.99% and 47.07% respectively over the previous year. The Earning per share is ₹ 27.83 (Previous year ₹ 21.42).

The above mentioned performance was amidst very strong headwinds created due to certain events which had a contagion effect on the entire sector. It is worth mentioning that due to focusing on fundamentals, which has been the main plank over these two decades; enabled the company not only to navigate through this situation but achieved a higher than the targeted growth.

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 continues to show lot of promise as expected. 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 quality assets in this segment too. The focus remains on states of operation namely Gujarat and Maharashtra and as planned we have expanded our reach to Madhya Pradesh and Rajasthan from this year.

TWO WHEELER AND COMMERCIAL VEHICLE FINANCING:

This sector also during the year witnessed a low growth. 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 March 31, 2019. 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 continue to 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 various region of Rajasthan, Maharashtra, Madhya Pradesh, Tamilnadu, Karnataka besides Gujarat is in progress. During the year Company has started operations in Diyodar and Bhilwara.

PARTNERING WITH REGIONAL NBFCs AND NBFC-MFIs:

Over the period of last 9 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. This business model withstood its credibility and our expectations even during the most trying period during the last year.

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.

In an environment that is rapidly becoming technology and digital oriented, your Company continues to invest in long term people development, for organizational excellence. Constant endeavours are being made to offer professional growth opportunities and recognitions, apart from imparting training to employees. Training is an integral part of the skill development program initiated for the employees.

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.

The Company has a diverse workforce of 995 employees as on 31st March, 2019. Going forward, the Company will continue to focus on nurturing the right talent to achieve the business goal.

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 AND LIABILITY MANAGEMENT:

After getting its securities listed in previous year, this year was the 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.

During the year passed by when the whole sector was looked upon as a risky preposition the Company could not only manage to raise the required resources but also obtained credit lines for the coming year.

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:

As required under Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in MGT-9 is annexed as part of this report, vide **"Annexure-A". The weblink for the same is www.mas.co.in.**

BOARD MEETINGS HELD DURING THE YEAR:

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

Sr. No.	Date on which board Meetings were held	Total Strength of the Board	No of Directors Present
1	09.05.2018	6	5
2	28.05.2018	6	5
3	24.08.2018	6	5
4	01.11.2018	6	6
5	30.01.2019	6	6
6	14.03.2019	7	7

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures.

b) 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.

c) 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.

d) The directors had prepared annual accounts on a going concern basis.

e) 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.

f) 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". The weblink for the same is www.mas.co.in.**

AUDITORS:

At the 23rd Annual General Meeting held on June 27, 2018, the members had appointed M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) as Statutory Auditors for a term of five years beginning from the conclusion of the 23rd AGM till the conclusion of the 28th AGM.

However, Ministry of Corporate Affairs, vide its Notification dated 7th May, 2018 amended provisions of Rule 3(7) of Companies (Audit and Auditors) Rules, 2014 and accordingly, provisions of requirement of ratification of appointment of auditor at every general meeting is dispensed with. Therefore, at the ensuing general meeting members are not required to ratify Auditor's appointment and M/s. B S R & Co. LLP, Chartered Accountants, Ahmedabad (FRN: 101248W/W-100022),will continue to act as auditors of the Company till the conclusion of the 28th AGM.

In the Board Meeting held on May 9, 2018 M/s. Ravi Kapoor & Associates, Practising Company Secretaries was appointed as Secretarial Auditor of the Company for the financial year 2018-19.

SECRETARIAL AUDIT REPORT:

Pursuant to Section 204 of the Companies Act 2013, and in pursuant to Reg. 24A of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) (Amendments) Regulations, 2018 the Secretarial Audit Report for the Financial Year ended 31st March, 2019 given by Ravi Kapoor & Associates, Practicing Company Secretary is annexed to this Report as an **"Annexure – C"**. One qualification is raised by the Secretarial Auditor in his Secretarial Audit Report for the year under review and the reply of the same is mentioned below in this Director's report.

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;**

Following qualification raised by the Secretarial Auditor in his Secretarial Audit Report:

Company has made Delay in furnishing prior intimation to Stock Exchange(s) about agenda of recommendation of Interim Dividend.

Reply of Director for above qualification raised by Secretarial Auditor:

Company has made necessary compliance by paying fines to the Stock Exchanges for violation of Regulation 29(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However your Directors ensures the future compliance.

FRAUDS REPORTED BY THE AUDITOR

During the Year under review, no frauds were reported by the Auditor (Statutory Auditor, Secretarial Auditor) to the Audit Committee/ Board.

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, Mr. Umesh Shah and Mrs. Daksha Shah, Independent Directors of the Company that they meet with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Companies Act, 2013 and Reg. 25 (8) & (9) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

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. 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

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.

During the financial year, the Company has made investment in the Equity Share Capital of MAS Rural Housing & Mortgage Finance Limited ("the Subsidiary") up to a sum of ₹ 9,00,00,000/- (Rupees Nine Crores only).

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. Particulars of such related party transactions described in Form AOC-2 as required under Section 134 (3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, 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 http://www.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 Directors with the company during the year under review.

AMOUNT, IF ANY, WHICH THE BOARD PROPOSES TO CARRY TO ANY RESERVES:

During the year under review ₹ 30.42 crore transferred to statutory reserve under Section 45 IC of RBI Act, 1934.

DIVIDEND:

The Company had paid 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 (21.60%) aggregating to ₹ 11,80,70,012.88/- (Rupees Eleven Crore Eighty Lakh Seventy Thousand Twelve Rupees and Eighty Eight Paise only) for the FY 2017-18. The same was declared by Board of Directors in their meeting held on May 09, 2018 which was subsequently approved by members in the 23rd Annual general meeting held on 27th June, 2018. The said dividend was paid on 11th July, 2018.

An amount of ₹ 2,40,40,283/- was paid as dividend distribution tax on the dividend.

During the year under review, the Company had 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 (15%) aggregating to ₹ 8,19,93,064.50/- (Rupees Eight Crore Nineteen Lakh Ninety Three Thousand Sixty Four Rupees and Fifty Paise only). The same was declared by Board of Directors in their meeting held on November 01, 2018. The said dividend was paid on 27th November, 2018.

An amount of ₹ 1,66,94,641/- was paid as dividend distribution tax on the dividend.

Further, the Board of Directors of the Company has recommended a Final Dividend of ₹ 3.60/- (Three Rupee Sixty Paise Only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (36%) aggregating to ₹ 19,67,83,354.80/- (Rupees Nineteen Crore Sixty Seven Lakh Eighty Three Thousand Three Hundred Fifty Four Rupees and Eighty Paise only) for the FY 2018-19.

Cumulatively, the Board of Directors of your company has declared / recommended a total Dividend of ₹ 5.10 per equity shares of ₹ 10/- each (@ 51.00 %) for the year under review.

The dividend declared/ recommended is in accordance with the criteria as set out in the Dividend Distribution Policy which has been approved by the board of directors. Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the policy is provided as **"Annexure E"** to this Report. **The weblink for the same is www.mas.co.in.**

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY:

From this year IND – AS is applicable to your company apart from this there have been 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 are 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 stage III assets Net of provisions of the company is 1.14% of total AUM as at the end of FY 2018-19

Pursuant to Regulation 21(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the regulations of Risk management committee is applicable to top 500 listed entities determined on the basis of market capitalization, as at the end of the immediate previous financial year. The Board of Directors has thus adopted a risk management policy for the Company which provides identification, assessment and control of risks which in the opinion of the Board may threaten the existence of the Company. The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy. The web-link for the same is **http://www.mas.co.in/policy.html**.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company has always responded in a responsible manner to the growing needs of the communities in which it operates. During the year, your Company has, in consonance with the CSR policy of the Company, undertaken a number of initiatives that contribute to society at large, in the areas of health, and education.

As a part of CSR initiative, the Company has identified 110 bright students from 21 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 sponsored their fees, school bags, stationeries, for undergoing higher studies and uniforms as well as provided vehicle for handicap students.

The Company has identified place where people were not getting fresh drinking water. In order to develop rural area and promoting health and sanitation Company installed

RO Plant in Ajarapur, Gandhinagar. Further Company has provided funds to children of Indian army officials and have conducted special Hotel Management course for the same.

It is Company's continuous endeavor to increase its CSR impact and spend over the coming years, supplemented by its continued focus towards rural development, promoting health and sanitation.

The Company is trying to explore 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 CSR policy which has been hosted on the web Site of the Company. The web-link for the same is http://www.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 - F"** to this Report.

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

Pursuant to the provisions of 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.

In pursuant to Regulation 17(10) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the evaluation of independent directors were done by the entire board of directors which includes –

(a) Performance of the directors; and

(b) Fulfillment of the independence criteria as specified in the regulations and their independence from the management.

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 - G"**. 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 – H"**.

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 as on March 31, 2019.

CAPITAL STRUCTURE:

During the year under review there was no change in the capital structure of the Company.

STATUTORY COMPLIANCE:

The Company has provided for impairment of loans and advances as per IND AS 109 prescribed under section 133 of the Companies Act, 2013. The Company has also complied with the directions issued by RBI regarding Capital Adequacy norms.

COMPLIANCE WITH SECRETARIAL STANDARDS:

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

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.

DIRECTORS AND KMP:

Pursuant to the provisions of Section 152 (6) 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) Mrs. Darshana Pandya, (DIN: 07610402) Director & COO of the Company is liable to retire by rotation at the ensuing AGM and being eligible offers herself for reappointment.

The Board of Directors in its meeting held May 08, 2019, on the recommendations of the Nomination and Remuneration Committee (NRC), further recommends to the members of the Company to re-appointment of Mrs. Darshana Pandya (DIN: 07610402), as director liable to retire by rotation.

During the year, the Board of Directors in its meeting held on March 14, 2019, on the recommendations of the NRC, had appointed Mrs. Daksha Niranjan Shah (DIN: 00376899) as a woman Independent Director of the Company with effect from 14th March, 2019 for a period of one year subject to the approval of the members in the ensuing AGM.

During the year, the Board of Directors in its meeting held on March 14, 2019, on the recommendations of the NRC and subject to the approval of the members in the ensuing AGM, re-appointed Mr. Kamlesh Gandhi (DIN: 00044852) as the Managing Director of the Company for a period of Five years w.e.f. April 1, 2019.

During the year, the Board of Directors in its meeting held on March 14, 2019, on the recommendations of the NRC and subject to the approval of the members in the ensuing AGM, re-appointed Mr. Mukesh C. Gandhi (DIN: 00187086) as the Whole-time Director of the Company for a period of Five years w.e.f. April 1, 2019.

During the year, the Board of Directors in its meeting held on March 14, 2019, on the recommendations of the NRC and subject to the approval of the members in the ensuing AGM, re-appointed Mr. Balabhaskaran (DIN: 00393346) as an Independent Director of the Company for a period of Five years w.e.f. April 1, 2019 whose earlier term as Independent Director Expired on March 31, 2019.

During the year, the Board of Directors in its meeting held on March 14, 2019, on the recommendations of the NRC and subject to the approval of the members in the ensuing AGM, re-appointed Mr. Chetan R. Shah (DIN: 02213542) as an Independent Director of the Company for a period of Five years w.e.f. April 1, 2019 whose earlier term as Independent Director Expired on March 31, 2019.

Necessary resolutions for the appointment / re-appointment of the aforesaid directors and their detailed profiles have been included in the notice convening the ensuing AGM and details of the proposal for appointment / reappointment are mentioned in the explanatory statement of the notice.

Your directors commend their appointment / re-appointment.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of section 164 & 165 of the Companies Act, 2013.

There was no change in the Key Managerial Personnel during the year.

RATIO OF REMUNERATION OF EACH DIRECTOR TO THE CALCULATION OF MEDIAN EMPLOYEE'S REMUNERATION AND OTHER PRESCRIBED DETAILS

Details of managerial remuneration as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given as per **'Annexure H'** to this report.

REPORTS ON MANAGEMENT DISCUSSION ANALYSIS AND CORPORATE GOVERNANCE:

As required under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, Management Discussion and Analysis Report and Corporate Governance Report are annexed as **"Annexure – I"** and **"Annexure – J"** 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.

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

No. of Meeting of Audit Committee held during the year: 6

The Audit Committee met (6) Six times during the financial year under review.

Sr. No.	Date on which Audit Committee Meetings were held	Total Strength of the Committee	No. of Members Present
1	09.05.2018	3	2
2	28.05.2018	3	2
3	23.08.2018	3	2
4	30.10.2018	3	3
5	28.01.2019	3	3
6	20.03.2019	3	2

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 vigil mechanism which has been hosted on the website of the Company. The web-link for the same is http://www.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-K"**.

BUSINESS RESPONSIBILITY REPORT:

A Business Responsibility Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, is enclosed as part of this report, vide **"Annexure-L"**.

CREDIT RATING:

During the year, your Company's long term credit ratings have been upgraded to ACUITE AA- with Stable Outlook. Also, your company has been assigned highest short term rating of ACUITE A1+ by Acuite Ratings & Research. The Credit rating was obtained from Acuité Ratings & Research on 13th March 2019.

DISCLOSURE FOR MAINTENANCE OF COST RECORDS:

The provision of Application of Cost Record in Compliance of Companies (Accounts) Rules, 2014 & in respect of section 148(1) of the Companies Act, 2013 is not applicable to the Company.

RECOGNITION:

The Company has been included in the list of Top 500 companies on BSE Limited & NSE based on market capitalization.

ACKNOWLEDGEMENT

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

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

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

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

Best Wishes,

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

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

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

Place : Ahmedabad
Date : 8th May, 2019

Annexure - A

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

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

1. REGISTRATION AND OTHER DETAILS:

1	CIN	L65910GJ1995PLC026064
2	Registration Date	25/05/1995
3	Name of the Company	MAS Financial Services Limited
4	Category/Sub-category of the Company	Company limited by shares
5	Address of the Registered office & contact details	6, Narayan Chambers, Ground Floor, B/h Patang Hotel, Ashram Road, Ahmedabad – 380 009. Ph No. - 079-41106500 Website: www.mas.co.in
6	Whether listed company	Yes [Bombay Stock Exchange (BSE Limited) and National Stock Exchange of India Limited (NSE)]
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited **Registered Office Address:** 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 **Branch/Correspondence Address:** 506 To 508, Amarnath Business Centre – 1, Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off, Chimanlal Girdharlal Rd, Sardar Patel Nagar, Ellisbridge, Ahmedabad – 380006 Tel No.: +91 79 26465179/86/87 Fax No.: +91 79 26465179

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 engaged 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 78 branches and is catering to more than 3300 centers with centralized credit and back office system at Central Processing Unit at head office, Ahmedabad.	64990	100% to total turnover of the Company.

3. PARTICUALRS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. 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	59.67% (Holding 1,26,64,893 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 (as on April 1, 2018)				No. of Shares held at the end of the year (as on March 31, 2019)				% change in Shareholding during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	3,87,65,195	-	3,87,65,195	70.9179	3,87,92,964	-	3,87,92,964	70.9687	+0.0508
b) Central Govt. Or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	13,18,757	-	13,18,757	2.4126	13,67,082	-	13,67,082	2.5010	+0.0884
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-					
SUB TOTAL: (A) (1)	**4,00,83,952**	**-**	**4,00,83,952**	**73.3305**	**4,01,60,046**	**-**	**4,01,60,046**	**73.4697**	**+0.1392**
(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)	**4,00,83,952**	**-**	**4,00,83,952**	**73.3305**	**4,01,60,046**	**-**	**4,01,60,046**	**73.4697**	**+0.1392**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	51,75,314	-	51,75,314	9.4678	52,21,281	-	52,21,281	9.5519	+0.0841
b) Banks/FI	19,130	-	19,130	0.0350	10,373	-	10,373	0.0190	-0.0160
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS – Foreign Portfolio Investor	23,48,412	-	23,48,412	4.2962	14,05,642	-	14,05,642	2.5715	-1.7247
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) - Alternate Investment Funds	4,41,860		4,41,860	0.8083	6,62,405	-	6,62,405	1.2118	+0.4035
SUB TOTAL (B)(1):	**79,84,716**	**-**	**79,84,716**	**14.6074**	**72,99,701**	**-**	**72,99,701**	**13.3542**	**-1.2532**
(2) Non Institutions									
a) Bodies corporates									
i) Indian	4,60,984	-	4,60,984	0.8433	10,83,227	-	10,83,227	1.9817	+1.1384
ii) Overseas	5,12,289	-	5,12,289	0.9372	-	-	-	-	-0.9372
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	11,43,892	-	11,43,892	2.0927	16,79,627	-	16,79,627	3.0727	+0.9800
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	1,94,833	-	1,94,833	0.3564	2,11,212	-	2,11,212	0.3864	+0.0300

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2018)				No. of Shares held at the end of the year (as on March 31, 2019)				% change in Shareholding during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
- Trusts,	40,15,487	-	40,15,487	7.3460	39,90,422	-	39,90,422	7.3002	-0.0458
- Hindu Undivided Family,	1,07,031	-	1,07,031	0.1958	99,660	-	99,660	0.1823	-0.0135
- Non Resident Indians (Non Repat)	11,882	-	11,882	0.0217	45,986	-	45,986	0.0841	+0.0624
- Non Resident Indians (Repat)	27,436	-	27,436	0.0502	74,451	-	74,451	0.1362	+0.0860
- Clearing Member	1,19,541	-	1,19,541	0.2187	17,679	-	17,679	0.0323	-0.1864
- NBFCs registered with RBI	-	-	-	-	32	-	32	0.0001	+0.0001
SUB TOTAL (B)(2):	**65,93,375**	**-**	**65,93,375**	**12.0621**	**72,02,296**	**-**	**72,02,296**	**13.1760**	**+1.1139**
TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)	**1,45,78,091**	**-**	**1,45,78,091**	**26.6695**	**1,45,01,997**	**-**	**1,45,01,997**	**26.5303**	**-0.1392**
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	**5,46,62,043**	**-**	**5,46,62,043**	**100.00**	**5,46,62,043**		**5,46,62,043**	**100.00**	**0.00**

II) SHAREHOLDING OF PROMOTERS

Sl No.	Name of the Shareholder	Shareholding at the beginning of the year (As on April 1, 2018)			Shareholding at the end of the year (As on March 31, 2019)			% change in shareholding 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	Mr. Mukesh C. Gandhi	1,61,51,664	29.5482	None	1,61,55,814	29.5558	None	+0.0076
2	Mr. Kamlesh C. Gandhi	62,64,081	11.4597	None	62,64,081	11.4597	None	0.00
3	Mrs. Shweta Kamlesh Gandhi	1,63,38,450	29.8899	None	1,63,38,450	29.8899	None	0.00
4	M/S. Prarthna Marketing Private Limited	13,05,257	2.3879	None	13,10,057	2.3966	None	+0.0088
5	Mr. Dhvanil K Gandhi (Promoter Group)	11,000	0.0201	None	34,619	0.0633	None	+0.0432
6	M/S. Anamaya Capital LLP (Promoter Group)	13,500	0.0247	None	57,025	0.1043	None	+0.0796

III) CHANGE IN PROMOTERS' SHAREHOLDING

Sl. No.	Particulars	Shareholding at the beginning of the Year (as on April 1, 2018)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1.	**MR. MUKESH C. GANDHI**				
	At the beginning of the year	1,61,51,664	29.5482	1,61,51,664	29.5482
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 16/05/2018 – MARKET BUY	53	0.0001	1,61,51,717	29.5483
	Date: 17/05/2018 - MARKET BUY	4,097	0.0075	1,61,55,814	29.5558
	At the end of the year	**1,61,55,814**	**29.5558**	**1,61,55,814**	**29.5558**
2.	**MR. KAMLESH C. GANDHI**				
	At the beginning of the year	62,64,081	11.4597	62,64,081	11.4597
	**Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	**62,64,081**	**11.4597**	**62,64,081**	**11.4597**
3.	**MRS. SHWETA KAMLESH GANDHI**				
	At the beginning of the year	1,63,38,450	29.8899	1,63,38,450	29.8899
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	**1,63,38,450**	**29.8899**	**1,63,38,450**	**29.8899**

Sl. No.	Particulars	Shareholding at the beginning of the Year (as on April 1, 2018)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
4.	**M/S. PRARTHNA MARKETING PRIVATE LIMITED**				
	At the beginning of the year	13,05,257	2.3879	13,05,257	2.3879
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 28/09/2018 – MARKET BUY	3,800	0.0069	13,09,057	2.3948
	Date: 01/10/2018 – MARKET BUY	1,000	0.0018	13,10,057	2.3966
	At the end of the year	**13,10,057**	**2.3966**	**13,10,057**	**2.3966**
5.	**MR. DHVANIL K GANDHI**				
	At the beginning of the year	11,000	0.0201	11,000	0.0201
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 16/05/2018 – MARKET BUY	1,450	0.0027	12,450	0.0228
	Date: 17/05/2018 – MARKET BUY	2,700	0.0049	15,150	0.0277
	Date: 02/07/2018 – MARKET BUY	1,800	0.0033	16,950	0.0310
	Date: 17/09/2018 – MARKET BUY	1,800	0.0033	18,750	0.0343
	Date: 21/09/2018 – MARKET BUY	4,600	0.0084	23,350	0.0427
	Date: 24/09/2018 – MARKET BUY	2,900	0.0053	26,250	0.0480
	Date: 08/10/2018 – MARKET BUY	2,100	0.0039	28,350	0.0519
	Date: 11/10/2018 – MARKET BUY	2,200	0.0040	30,550	0.0559
	Date: 22/10/2018 – MARKET BUY	3,750	0.0068	34,300	0.0627
	Date: 07/11/2018 - MARKET BUY	319	0.0006	34,619	0.0633
	At the end of the year	**34,619**	**0.0633**	**34,619**	**0.0633**
6.	**M/S. ANAMAYA CAPITAL LLP**				
	At the beginning of the year	13,500	0.0247	13,500	0.0247
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 02/07/2018 – MARKET BUY	1,365	0.0025	14,865	0.0272
	Date: 03/07/2018 - MARKET BUY	3,035	0.0056	17,900	0.0327
	Date: 17/09/2018 - MARKET BUY	2,750	0.0050	20,650	0.0378
	Date: 21/09/2018 - MARKET BUY	4,600	0.0084	25,250	0.0462
	Date: 24/09/2018 - MARKET BUY	2,900	0.0053	28,150	0.0515
	Date: 28/09/2018 - MARKET BUY	4,900	0.0090	33,050	0.0605
	Date: 01/10/2018 - MARKET BUY	5,000	0.0091	38,050	0.0696
	Date: 03/10/2018 - MARKET BUY	5,000	0.0091	43,050	0.0788
	Date: 08/10/2018 - MARKET BUY	2,050	0.0038	45,100	0.0825
	Date: 09/10/2018 - MARKET BUY	3,175	0.0058	48,275	0.0883
	Date: 11/10/2018 - MARKET BUY	3,250	0.0060	51,525	0.0943
	Date: 22/10/2018 - MARKET BUY	5,000	0.0091	56,525	0.1034
	Date: 07/11/2018 – MARKET BUY	500	0.0009	57,025	0.1043
	At the end of the year	**57,025**	**0.1043**	**57,025**	**0.1043**

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	**M/S. VISTRA ITCL I LTD BUSINESS EXCELLENCE TRUST III INDIA BUSINESS**				
	At the beginning of the year	39,90,422	7.3002	39,90,422	7.3002
	Date wise Increase / Decrease in Shareholding during the year: No change				
	At the end of the year (or on the date of separation, if separated during the year)	**39,90,422**	**7.3002**	**39,90,422**	**7.3002**
2	**M/S. AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS LONG TERM EQUITY FUND**				
	At the beginning of the year	28,53,993	5.2212	28,53,993	5.2212
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 06/04/2018 – MARKET SELL	(1,000)	(0.0019)	2,852,993	5.2193
	Date: 11/05/2018 - MARKET SELL	(1,43,000)	(0.2616)	2,709,993	4.9577

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	Date: 30/06/2018 - MARKET SELL	(283)	(0.0005)	2,709,710	4.9572
	Date: 06/07/2018 - MARKET SELL	(6,458)	(0.0118)	2,703,252	4.9454
	Date: 13/07/2018 - MARKET SELL	(52,679)	(0.0964)	2,650,573	4.8490
	Date: 20/07/2018 - MARKET SELL	(10,410)	(0.0190)	2,640,163	4.8300
	Date: 27/07/2018 - MARKET SELL	(1,00,977)	(0.1848)	2,539,186	4.6452
	Date: 03/08/2018 - MARKET SELL	(32,614)	(0.0596)	2,506,572	4.5856
	Date: 10/08/2018 - MARKET SELL	(6,605)	(0.0121)	2,499,967	4.5735
	Date: 24/08/2018 - MARKET SELL	(36,615)	(0.0670)	2,463,352	4.5065
	Date: 31/08/2018 - MARKET SELL	(14,356)	(0.0263)	2,448,996	4.4802
	Date: 21/09/2018 - MARKET SELL	(10,527)	(0.0192)	2,438,469	4.4610
	Date: 30/11/2018 - MARKET SELL	(8,297)	(0.0152)	2,430,172	4.4458
	Date: 04/01/2019 - MARKET SELL	(6,105)	(0.0112)	2,424,067	4.4346
	Date: 11/01/2019 - MARKET SELL	(5,616)	(0.0102)	2,418,451	4.4244
	Date: 18/01/2019 - MARKET SELL	(5,000)	(0.0092)	2,413,451	4.4152
	Date: 25/01/2019 - MARKET SELL	(8,386)	(0.0153)	2,405,065	4.3999
	Date: 15/03/2019 - MARKET BUY	29,383	0.0537	2,434,448	4.4536
	Date: 22/03/2019 - MARKET SELL	(3,753)	(0.0068)	2,430,695	4.4468
	At the end of the year (or on the date of separation, if separated during the year)	**24,30,695**	**4.4468**	**24,30,695**	**4.4468**
3	**M/S. IDFC STERLING EQUITY FUND**				
	At the beginning of the year	7,40,000	1.3538	7,40,000	1.3538
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 13/04/2018 – MARKET BUY	30,000	0.0549	770,000	1.4087
	Date: 20/04/2018 - MARKET BUY	538	0.0009	770,538	1.4096
	Date: 27/04/2018 - MARKET BUY	4,798	0.0088	775,336	1.4184
	Date: 04/05/2018 - MARKET BUY	14,664	0.0268	790,000	1.4452
	Date: 11/05/2018 - MARKET BUY	12,500	0.0229	802,500	1.4681
	Date: 18/05/2018 - MARKET BUY	17,500	0.0320	820,000	1.5001
	Date: 25/05/2018 - MARKET BUY	33,128	0.0606	853,128	1.5607
	Date: 01/06/2018 - MARKET BUY	9,791	0.0179	862,919	1.5786
	Date: 08/06/2018 - MARKET BUY	10,000	0.0183	872,919	1.5969
	Date: 15/06/2018 - MARKET BUY	5,01,249	0.9170	1,374,168	2.5139
	Date: 22/06/2018 - MARKET BUY	1,37,692	0.2519	1,511,860	2.7658
	Date: 30/06/2018 - MARKET BUY	36,452	0.0667	1,548,312	2.8325
	Date: 06/07/2018 - MARKET BUY	16,061	0.0294	1,564,373	2.8619
	Date: 13/07/2018 - MARKET BUY	4,797	0.0088	1,569,170	2.8707
	Date: 20/07/2018 - MARKET BUY	24,259	0.0444	1,593,429	2.9151
	Date: 27/07/2018 - MARKET BUY	1,10,315	0.2018	1,703,744	3.1169
	Date: 03/08/2018 - MARKET BUY	5,000	0.0091	1,708,744	3.1260
	Date: 10/08/2018 - MARKET BUY	15,000	0.0275	1,723,744	3.1535
	Date: 24/08/2018 - MARKET BUY	13,521	0.0247	1,737,265	3.1782
	Date: 31/08/2018 - MARKET BUY	5,529	0.0101	1,742,794	3.1883
	Date: 14/09/2018 - MARKET BUY	10,950	0.0200	1,753,744	3.2083
	Date: 21/09/2018 - MARKET BUY	15,000	0.0275	1,768,744	3.2358
	Date: 29/09/2018 - MARKET BUY	10,000	0.0183	1,778,744	3.2541
	Date: 05/10/2018 - MARKET BUY	10,000	0.0183	1,788,744	3.2724
	Date: 12/10/2018 - MARKET BUY	15,200	0.0278	1,803,944	3.3002
	Date: 19/10/2018 - MARKET BUY	5,000	0.0091	1,808,944	3.3093
	Date: 26/10/2018 - MARKET BUY	20,000	0.0366	1,828,944	3.3459
	Date: 02/11/2018 - MARKET BUY	11,406	0.0209	1,840,350	3.3668
	Date: 16/11/2018 - MARKET BUY	2,594	0.0047	1,842,944	3.3715
	Date: 30/11/2018 - MARKET BUY	8,000	0.0147	1,850,944	3.3862
	Date: 07/12/2018 - MARKET BUY	5,500	0.0100	1,856,444	3.3962
	Date: 14/12/2018 - MARKET BUY	1,922	0.0035	1,858,366	3.3997
	Date: 21/12/2018 - MARKET BUY	7,578	0.0139	1,865,944	3.4136
	Date: 04/01/2019 - MARKET BUY	5,000	0.0091	1,870,944	3.4227

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	Date: 11/01/2019 - MARKET BUY	1,500	0.0028	1,872,444	3.4255
	Date: 18/01/2019 - MARKET BUY	1,271	0.0023	1,873,715	3.4278
	Date: 25/01/2019 - MARKET BUY	5,229	0.0096	1,878,944	3.4374
	Date: 01/02/2019 - MARKET BUY	1,245	0.0023	1,880,189	3.4397
	Date: 08/02/2019 - MARKET BUY	2,755	0.0050	1,882,944	3.4447
	Date: 15/02/2019 - MARKET BUY	685	0.0013	1,883,629	3.4460
	Date: 01/03/2019 - MARKET BUY	8,597	0.0157	1,892,226	3.4617
	Date: 08/03/2019 - MARKET BUY	5,000	0.0091	1,897,226	3.4708
	Date: 15/03/2019 - MARKET BUY	4,74,387	0.8679	2,371,613	4.3387
	Date: 22/03/2019 - MARKET BUY	2,615	0.0048	2,374,228	4.3435
	Date: 29/03/2019- MARKET BUY	1,007	0.0018	2,375,235	4.3453
	At the end of the year (or on the date of separation, if separated during the year)	**23,75,235**	**4.3453**	**23,75,235**	**4.3453**
4	**M/S. TATA AIA LIFE INSURANCE CO LTD-WHOLE LIFE MID CAP EQUITY FUND-ULIF 009 04/01/07 WLE 110**				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 22/06/2018 - MARKET BUY	5,41,956	0.9915	541,956	0.9915
	Date: 30/06/2018 - MARKET BUY	1,13,300	0.2073	655,256	1.1987
	Date: 20/07/2018 - MARKET BUY	800	0.0015	656,056	1.2002
	Date: 27/07/2018 - MARKET BUY	1,00,000	0.1829	756,056	1.3831
	Date: 26/10/2018 - MARKET SELL	(3223)	(0.0059)	752,833	1.3773
	At the end of the year (or on the date of separation, if separated during the year)	**7,52,833**	**1.3773**	**7,52,833**	**1.3773**
5	**M/S. MOTILAL OSWAL FOCUSED EMERGENCE FUND**				
	At the beginning of the year	3,77,000	0.6897	3,77,000	0.6897
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 06/04/2018 – MARKET BUY	1,00,000	0.1829	477,000	0.8726
	Date: 27/04/2018 - MARKET BUY	40,000	0.0732	517,000	0.9458
	Date: 13/07/2018 - MARKET BUY	23,961	0.0438	540,961	0.9896
	At the end of the year (or on the date of separation, if separated during the year)	**5,40,961**	**0.9896**	**5,40,961**	**0.9896**
6	**M/S. TIMF HOLDINGS**				
	At the beginning of the year	6,25,797	1.1448	6,25,797	1.1448
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 08/06/2018 – MARKET SELL	(99,986)	(0.1829)	5,25,811	0.9619
	At the end of the year (or on the date of separation, if separated during the year)	**5,25,811**	**0.9619**	**5,25,811**	**0.9619**
7	**M/S. SCHRODER INTERNATIONAL SELECTION FUND INDIAN OPPORTUNITIES**				
	At the beginning of the year	2,64,097	0.4831	2,64,097	0.4831
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 11/05/2018 – MARKET BUY	54,889	0.1005	3,18,986	0.5836
	At the end of the year (or on the date of separation, if separated during the year)	**3,18,986**	**0.5836**	**3,18,986**	**0.5836**
8	**M/S. SUNDARAM MUTUAL FUND A/C SUNDARAM RURAL AND CONSUMPTION FUND**				
	At the beginning of the year	3,42,010	0.6257	3,42,010	0.6257
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 23/11/2018 – MARKET SELL	(5,299)	(0.0097)	336,711	0.6160
	Date: 30/11/2018 - MARKET SELL	(317)	(0.0006)	336,394	0.6154
	Date: 21/12/2018 - MARKET SELL	(3,742)	(0.0068)	332,652	0.6086
	Date: 28/12/2018 - MARKET SELL	(4,201)	(0.0077)	328,451	0.6009
	Date: 04/01/2019 - MARKET SELL	(10,338)	(0.0189)	318,113	0.5820
	Date: 18/01/2019 - MARKET SELL	(30,000)	(0.0549)	288,113	0.5271
	Date: 01/03/2019 - MARKET SELL	(5,715)	(0.0105)	282,398	0.5166
	Date: 08/03/2019 - MARKET SELL	(19,539)	(0.0357)	262,859	0.4809
	Date: 15/03/2019 - MARKET SELL	(20,714)	(0.0379)	242,145	0.4430
	At the end of the year (or on the date of separation, if separated during the year)	**2,42,145**	**0.4430**	**2,42,145**	**0.4430**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
9	**M/S. JPMORGAN INDIA SMALLER COMPANIES FUND**				
	At the beginning of the year	2,04,197	0.3736	2,04,197	0.3736
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 01/06/2018 – MARKET BUY	10,000	0.0183	2,14,197	0.3919
	At the end of the year (or on the date of separation, if separated during the year)	**2,14,197**	**0.3919**	**2,14,197**	**0.3919**
10	**M/S. UNISUPER LIMITED AS TRUSTEE FOR UNISUPER**				
	At the beginning of the year	1,23,437	0.2258	1,23,437	0.2258
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 11/05/2018 – MARKET BUY	25,335	0.0464	1,48,772	0.2722
	At the end of the year (or on the date of separation, if separated during the year)	**1,48,772**	**0.2722**	**1,48,772**	**0.2722**
11	**M/S. SARVA CAPITAL LLC**				
	At the beginning of the year	5,12,289	0.9372	5,12,289	0.9372
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 15/03/2019 – MARKET SELL	(5,12,289)	(0.9372)	-	-
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-
12	**M/S. DSP BLACKROCK EQUITY & BOND FUND**				
	At the beginning of the year	4,91,935	0.9000	4,91,935	0.9000
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 15/06/2018 – MARKET SELL	(4,91,935)	(0.9000)	-	-
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-
13	**M/S. WASATCH INTERNATIONAL OPPORTUNITIES FUND**				
	At the beginning of the year	4,07,302	0.7451	4,07,302	0.7451
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 22/06/2018 – MARKET SELL	(4,07,302)	(0.7451)	-	-
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

Note: As the transfer of shares taken place in demat mode, the date of increase/decrease is not the actual date. The said date is the closing date on which the Company received data from Registrar and Transfer Agent which is generally Friday.

V) SHAREHOLDING OF DIRECTORS & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the beginning of the Year (As on April 1, 2018)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	**MR. KAMLESH C. GANDHI, CHAIRMAN AND MANAGING DIRECTOR**				
	At the beginning of the year	62,64,081	11.4597	62,64,081	11.4597
	**Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	**62,64,081**	**11.4597**	**62,64,081**	**11.4597**
2	**MR. MUKESH C. GANDHI, WHOLE-TIME DIRECTOR AND CFO**				
	At the beginning of the year	1,61,51,664	29.5482	1,61,51,664	29.5482
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 16/05/2018 – MARKET BUY	53	0.0001	1,61,51,717	29.5483
	Date: 17/05/2018 - MARKET BUY	4,097	0.0075	1,61,55,814	29.5558
	At the end of the year	**1,61,55,814**	**29.5558**	**1,61,55,814**	**29.5558**
3	**MRS. DARSHANA PANDYA, DIRECTOR & COO**				
	At the beginning of the year	10,724	0.0196	10,724	0.0196
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 06/07/2018 – MARKET BUY	1,000	0.0018	11,724	0.0214
	Date: 17/09/2018 - MARKET BUY	910	0.0017	12,634	0.0231
	Date: 21/09/2018 - MARKET BUY	2,800	0.0051	15,434	0.0282
	At the end of the year	**15,434**	**0.0282**	**15,434**	**0.0282**

Sl. No	For Each of the Directors & KMP	Shareholding at the beginning of the Year (As on April 1, 2018)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
4	**MR. 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	**MR. 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	**MR. 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	**MRS. DAKSHA SHAH, ADDITIONAL 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**
8	**MS. RIDDHI BHAVESHBHAI BHAYANI, COMPANY SECRETARY AND COMPLIANCE OFFICER**				
	At the beginning of the year	338	0.0006	338	0.0006
	Date wise Increase / Decrease in Shareholding during the year:	No change			
	At the end of the year	**338**	**0.0006**	**338**	**0.0006**

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	1,22,723.66	6,000.00	-	1,28,723.66
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	463.09	10.36	-	473.45
Total (i+ii+iii)	**1,23,186.75**	**6,010.36**	**-**	**1,29,197.11**
Change in Indebtedness during the financial year				
Addition	95,269.82	-		95,269.82
Reduction	21,522.21	-		21,522.21
Net Change	**73,747.61**	**-**	**-**	**73,747.61**
Indebtedness at the end of the financial year				
i) Principal Amount	1,96,471.27	6,000.00	-	2,02,471.27
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	385.66	10.36	-	396.02
Total (i+ii+iii)	**1,96,856.93**	**6,010.36**	**-**	**2,02,867.29**

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount (In ₹ lakh)
		MR. KAMLESH GANDHI (CMD)	MR. MUKESH GANDHI (WTD & CFO)	MRS. DARSHANA PANDYA (Director & COO)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	718.77	718.15	31.32	1468.25
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	Total A	**718.77**	**718.15**	**31.32**	**1468.25**
	Ceiling as per the Act	-	-	-	**1667.98**

B. Remuneration to other directors:

(Amount in ₹)

		Name of the Directors				Total Amount
		Mr. Bala Bhaskaran	Mr. Chetan Shah	Mr. Umesh Shah	Mrs. Daksha Shah	
1	Independent Directors					
(a)	Fee for attending Board / committee meetings	1,45,000	1,10,000	1,05,000	10,000	3,70,000
(b)	Commission	-	-	-	-	-
(c)	Others, please specify.	-	-	-	-	-
	Total (1)	**1,45,000**	**1,10,000**	**1,05,000**	**10,000**	**3,70,000**
2	Other Non Executive Directors	-	-	-	-	-
	(a) Fee for attending board committee meetings	-	-	-	-	-
	(b) Commission	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**1,45,000**	**1,10,000**	**1,05,000**	**10,000**	**3,70,000**
	Total Managerial Remuneration	**1,45,000**	**1,10,000**	**1,05,000**	**10,000**	**3,70,000**

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Chief Financial Officer	Company Secretary	
		Mr. Mukesh C. Gandhi	Ms. Riddhi B. Bhayani	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	Nil	6,32,340	6,32,340
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit			
	- others (specify)			
5	Others, (Bonus, Gratuity & PF)	-	-	-
	Total	**Nil**	**6,32,340**	**6,32,340**

7. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES :

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	NIL	N.A.	N.A.	N.A.	N.A.
	Punishment	NIL	N.A.	N.A.	N.A.	N.A.
	Compounding	NIL	N.A.	N.A.	N.A.	N.A.
B.	**DIRECTORS**					
	Penalty	NIL	N.A.	N.A.	N.A.	N.A.
	Punishment	NIL	N.A.	N.A.	N.A.	N.A.
	Compounding	NIL	N.A.	N.A.	N.A.	N.A.
C.	**OTHER OFFICERS IN DEFAULT**					
	Penalty	NIL	N.A.	N.A.	N.A.	N.A.
	Punishment	NIL	N.A.	N.A.	N.A.	N.A.
	Compounding	NIL	N.A.	N.A.	N.A.	N.A.

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

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

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

Date: 8th May, 2019
Place: Ahmedabad

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 provisions 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 point's 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 and eligible as per the provisions 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, 2019

[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
MAS Financial Services Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MAS 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, 2019 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, 2019 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, 2018;

(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, 2018;

(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 complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except in one instance wherein Company has made delay in furnishing prior intimation to the stock exchange(s) about proposal to recommend interim dividend in the meeting of the Board of Directors.

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: 08th May, 2019

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
MAS 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: 08th May, 2019

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.

1. 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.

2. Details of material Contracts or Arrangements or Transactions at Arm's length basis for the year ended on 31st March, 2019.

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.	09.05.2018	No such amount was paid as advances.	N.A.
2.	MAS Rural Housing & Mortgage Finance Limited	Recovery Agreement	Two years	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.	09.05.2018	No such amount was paid as advances.	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
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 ₹ 37,500,000.00 as on 31st March, 2019.	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 ₹ 35,416,669.00 as on 31st March, 2019.	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 ₹ 25,000,000.00 as on 31st March, 2019.	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 ₹ 37,500,000.00 as on 31st March, 2019.	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.
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 ₹ 32,083,334.00 as on 31st March, 2019.	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 ₹ 66,666,672.00 as on 31st March, 2019.	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	73 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 50,000,000.00 as on 31st March, 2019.	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.

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

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

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

Place : Ahmedabad
Date : 8th May, 2019

Annexure - E

DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND:

- The Objective of this policy is to provide the Dividend Distribution framework to the stakeholders of the Company.

- The Board of Directors shall recommend Dividend according to the provisions of the Companies Act, 2013 and Rules made thereunder and in accordance with the compliance of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable legal provisions.

- Under Section 2(35) of the Companies Act, 2013, "Dividend" includes any interim dividend. In common parlance, "dividend means the profit of a Company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid up on the shares held by them." Dividend can be paid on equity or preference shares both.

- The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting.

- Recent Amendment in SEBI (Listing Obligations and Disclosure Requirements), 2015 the policy of Dividend Distribution is applicable to the top Five hundred listed entities based on market capitalization in pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements), 2015 the Company has decided to formulate and disclose its Dividend Distribution Policy. The Board of Directors of the Company has approved this Dividend Distribution policy for the Company as its Meeting held on 30th January, 2019.

2. CLASSES OF SHARES:

The Company has issued only one class of shares i.e. Equity Shares. Parameters for Dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable provisions of the Act, rules and regulations and will be determined, as and when the Company decides to issue other classes of shares.

3. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDER'S OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND:

The circumstance that may generally be considered by the Board before making any recommendations for the Dividend includes:

- Cost of raising funds from alternative sources.
- Whenever the Company has incurred losses or there is inadequacy of profits.
- Whenever the Company undertakes any acquisitions or enters into joint ventures requiring significant allocation of capital.
- Future capital expenditure plans
- Profits earned during the financial year
- Cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time.
- Any of the below referred internal or external factors, including any regulatory restriction, if any, restraining the Company from considering dividend;

4. FINANCIAL PARAMETERS:

Dividend shall be declared or paid only out of profits computed as per the applicable provisions of the act and rules made thereunder and other applicable laws.

5. INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND:

- Distributable surplus available as per the Act, Rules and Regulations;
- The Company's liquidity position and future cash flow needs;
- Trend of dividends paid in the past years by the Company;

- Payout ratios of comparable companies;
- Industry outlook and stage of business cycle for underlying businesses
- Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- Loan repayment and working capital requirements;
- Cost and availability of alternative sources of financing;
- Capital expenditure requirements considering the expansion and acquisition opportunities;
- Any windfall, extra-ordinary or abnormal gains made by the Company;
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

6. UTILIZATION OF RETAINED EARNINGS:

Retained earnings will be used for the Company's growth plans, expected capital adequacy/ liquidity requirements, debt repayments and other contingencies.

7. REVIEW:

The Board is authorized to review/amend this policy from time to time at its sole discretion and/or subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time.

8. DISCLOSURES:

The Dividend Distribution Policy (as amended from time to time) shall be disclosed in the Company's Annual Report and will be available on the website of the Company (www.mas.co.in).

Annexure - F

REPORT ON CORPOROPATE 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:**

   Corporate Social Responsibility is a Company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken is available on the website of the Company: https://www.mas.co.in/policy.html

2. **The Composition of CSR Committee:**

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

Sr. No	DIN	Name of the Directors	Designation	
1	00187086	Mr. Mukesh Gandhi	Whole time Director & CFO	Chairman
2	07610402	Mrs. Darshana Pandya	Director & COO	Member
3	00393346	Mr. Bala Bhaskaran	Independent Director	Member

3. **Average net profit of the Company for last three financial years: ₹ 1,142,588,455/-**

4. **Prescribed CSR Expenditure (two percent of amount stated in item 3 above): ₹ 22,851,769.00/-**

5. **Details of CSR spent during Financial year 2018-19:**

   (a) Total amount to be spent for Financial Year: ₹ 2,28,51,769/-

   (b) Amount unspent, if any: ₹ 2,02,64,445.18/-

   (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 school fees, school bags, stationeries, vehicle for handicap students, RO Plant - Ajarapur, Gandhinagar, Hotel Management Course – Children of Army and uniforms for eligible students undergoing higher studies.	Promoting education and Drinking water including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	1. Local Area 2. Gujarat	30,00,000/-	25,87,323.82/-	25,87,323.82/-	Direct

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

   As a part of CSR initiative, your Company has identified 110 bright students from 21 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 sponsored their fees, school bags, stationeries, for undergoing higher studies and uniforms as well as provided vehicle for handicap students. Your company believes that education is one of the most important investments which can create positive impact on society.

   The Company has identified place where people were not getting fresh drinking water. In order to develop rural area and promoting health and sanitation Company installed RO Plant in Ajarapur, Gandhinagar. Further Company has provided funds to children of army and have conducted special Hotel Management course for the same.

   It is Company's continuous endeavor to increase its CSR impact and spend over the coming years, supplemented by its continued focus towards rural development, promoting health and sanitation. Company is trying to explore 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 spent 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 confirms that implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Mukesh Gandhi
Whole-time Director & CFO
Chairman of CSR Committee
DIN: 00187086

Darshana Pandya
Director & COO
Member of CSR Committee
DIN: 07610402

Date : 8th May, 2019
Place : Ahmedabad

Annexure - G

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.	The date since when subsidiary was acquired	10/10/2007
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Financial Year 2018-2019 (01.04.2018 to 31.03.2019)
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
5.	Share capital	Authorised: ₹ 30,00,00,000/- *Paid up : ₹ 21,22,64,040/-
6.	Other Equity	₹ 25,38,56,029/-
7.	Total assets	₹ 3,09,23,74,701/-
8.	Total Liabilities	₹ 2,62,62,54,632/-
9.	Investments	Nil
10.	Turnover	₹ 32,41,07,468/-
11.	Profit before taxation	₹ 4,23,91,909/-
12.	Provision for taxation	₹ 1,58,72,618/-
13.	Profit after taxation	₹ 2,65,19,291/-
14.	Proposed Dividend	₹ 42,43,786/-
15.	% of shareholding	59.67%

*Change in paid up capital with effect from March 30, 2019.

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

1. Names of subsidiaries which are yet to commence operations – NIL
2. 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

1.	Name of associates/Joint Ventures	N.A.
2.	Latest audited Balance Sheet Date	N.A.
3.	Shares of Associate/Joint Ventures held by the company on the year end Number Amount of Investment in Associates/Joint Venture Extend of Holding%	N.A.
4.	Description of how there is significant influence	N.A.
5.	Reason why the associate/joint venture is not consolidated	N.A.
6.	Net worth attributable to shareholding as per latest audited Balance Sheet	N.A.
7.	Profit/Loss for the year	
	(i) Considered in Consolidation	N.A.
	(ii) Not Considered in Consolidation	N.A.

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

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

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

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

Riddhi B. Bhayani
Company Secretary &
Compliance Officer
Membership No.: A41206

Date : 8th May, 2019
Place : Ahmedabad

Annexure - H

Particulars of Employees (pursuant to Section 197(12) of the Companies Act, 2013 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. The details of 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 of the Company for the financial year 2018-19:

Sr. No.	Name	Designation	Nature of Payment	Ratio against median employee's remuneration
1.	Mr. Kamlesh Gandhi	Chairman and Managing Director	Remuneration	328.88:1
2.	Mr. Mukesh Gandhi	Whole-time Director and Chief Financial Officer	Remuneration	328.60 : 1
3.	Mrs. Darshana Pandya	Director and Chief Operating Officer	Remuneration	14.33 : 1
4.	Mr. Bala Bhaskaran	Independent Director	Sitting Fees	0.66:1
5.	Mr. Chetan Shah	Independent Director	Sitting Fees	0.50:1
6.	Mr. Umesh Shah	Independent Director	Sitting Fees	0.48:1
7.	Mrs. Daksha Shah*	Woman Independent Director	Sitting Fees	0.05:1

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 2018-19:

Sr. No.	Name	Designation	Nature of Payment	Percentage Increase over previous year
1.	Mr. Kamlesh Gandhi	Chairman and Managing Director	Remuneration	29.28%
2.	Mr. Mukesh Gandhi	Whole-time Director and Chief Financial Officer	Remuneration	29.25%
3.	Mrs. Darshana Pandya	Director and Chief Operating Officer	Remuneration	32.20%
4.	Mr. Bala Bhaskaran	Independent Director	Sitting Fees	Nil #
5.	Mr. Chetan Shah	Independent Director	Sitting Fees	Nil #
6.	Mr. Umesh Shah	Independent Director	Sitting Fees	Nil #
7.	Mrs. Daksha Shah*	Woman Independent Director	Sitting Fees	Nil #
8.	Ms. Riddhi Bhayani	Company Secretary and Compliance Officer	Remuneration	68.61%

* Mrs. Daksha Shah was appointed with effect from 14/03/2019.

Independent Director are paid fixed sitting fees, amount of the same is not changed during the year.

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, 2019 and 31st March, 2018.

3. The percentage increase in the median remuneration of employees in the financial year: The median remuneration of employees was decreased by 31.85% over a previous year.

4. The number of permanent employees on the rolls of the Company: 995 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 16.72% while the Managerial remuneration increased by 29.33% 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.

Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

a) List of top ten employees in terms of remuneration drawn:

Sr. No.	Name of employee	Designation	Remuneration (₹ in lakh)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Age	Last employment	Number of equity shares of the company held by employee	Relative of any director
1	Mr. Saumil Dipakbhai Pandya	President & Head Retail Assets	38.41	On roll	Bachelor of Commerce Has more than 2 decades of experience.	01/08/1996	47	--	11983 (0.0219%)	Husband of Mrs. Darshana Pandya
2	Mr. Gaurang Arvindbhai Kasudia	E.D.P. Incharge	20.75	On roll	Bachelor of Commerce Has more than 2 decades of experience.	01/08/1996	43	--	338 (0.0006%)	--
3	Mr. Dipak M. Dangar	Vice President - Retail Assets Channel	20.05	On roll	B.E. Chemical & MBA -Finance Has more than 1 decade of experience.	26/05/2008	36	--	293 (0.0005%)	--
4	Mr. Ankit T. Jain	Vice President - Finance	20.03	On roll	MBA –Finance Has more than 1 decade of experience.	01/04/2010	32	--	25 (Negligible Holding)	--
5	Mr. Sunil Shah	Head Portfolio	20.03	On roll	Bachelor of Commerce Has more than 2 decades of experience.	01/07/1998	48	--	488 (0.0009%)	--
6	Mr. Bhavesh D. Patel	Sr. Manager Accounts	16.81	On roll	Bachelor of Commerce Has 2 decades of experience.	01/04/2004	38	Nishu Accounts Consultancy	338 (0.0006%)	--
7	Mr. Nishant Jain	Head- Risk & Monitoring	16.56	On roll	Chartered Accountant Has more than 7 years of experience.	03/05/2018	31	Jain Sons Finlease Limited	0.00%	--
8	Mr. Ravi Mukeshbhai Shah	Credit Incharge	16.48	On roll	Bachelor of Commerce Has 2 decades of experience.	01/12/1999	41	--	338 (0.0006%)	--
9	Mr. Rajen Shashikant Shah	Project In-Charge	16.45	On roll	MCA, B.SC. Has more than 2 decades of experience.	01/09/2003	45	Akar Laminators limited	338 (0.0006%)	--
10	Mr. Dhvanil K. Gandhi	B.D.M.	16.34	On roll	Bachelors in Business Administration Has more than 4 years of experience.	20/07/2011	26	--	34619 (0.0633%)	Son of Mr. Kamlesh Gandhi

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 MAS **FINANCIAL SERVICES LIMITED**

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

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

Date : 8th May, 2019
Place : Ahmedabad

Annexure - I

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

After growing at a robust 6.7% in FY 2017-18, the Indian economy achieve broad-based growth in the first three quarters of FY 2018-19, with industrial growth accelerating to 7.9%, services although services decelerated. Agriculture also posted strong growth of four per cent. The last quarter of FY 2018-19, however, has witnessed a slowdown in the growth of consumption indictors as well as a hiatus in business investment activity, as the nation awaits election results. Accordingly, Q4FY2019 is expected to see the weakest growth since mid-2017 and could come in at levels that are almost on par with China's growth.

The World Bank (April, 2019) expects India's GDP to accelerate moderately to 7.5% in FY 2019-20 due to sustained strengthening of investments, particularly by the private sector, an improvement in export performance and resilient consumption.

INDUSTRY OVERVIEW

MSME Sector

According to the Ministry of MSMEs (January 2019), there are more than 63 million MSMEs in India, which contribute to 45% of industrial production, 30.5% to services sector output and employ around 110 million people. Spread across the country, these MSMEs produce around 6,000+ diverse products and services for not only the domestic market but global markets too.

Despite Government schemes to promote this growth engine, until recent years, adequate and affordable credit from the formal financial sector was a hurdle. However, an MSME study by TransUnion-CIBIL (2019) states that credit growth to MSMEs remains healthy, while non-performing loans are stable. It also revealed that private banks and NBFCs are continuously strengthening their presence as lenders to the MSME segment, with their market shares increasing by about 400 and 300 bps respectively by the third quarter of FY2019. The report also states that MSMEs account for about 23% of total loans in India, as on December, 2018. These trends point to the immense potential that lies ahead for MSME sector financiers.

Housing Finance

The housing finance segment presents a vast opportunity for NBFCs. The investment information and credit rating agency - ICRA - estimates that the average loan size for Housing Finance Companies (HFCs) in India is at approximately ₹ 30 lakh and, with the total housing demand in the range of 12 to 20 million units, the entire housing market potential can be easily valued at over ₹ 28 lakh crore.

According to data from the Ministry of Rural Development between April 2014 and January 2019, approximately 1.37 crore houses were built in the rural areas under two Government housing schemes - the Indira Awas Yojana (IAY) and the Pradhan Mantri Awas Yojana-Gramin (PMAY-G). The same Ministry data projected that under these rural housing schemes, another 34.55 lakh houses would be completed by the end of the financial year. However, majority of homes in rural areas are kuccha or semi-pucca, lacking either a solid wall, roof or floor, according to the latest round of the National Family Health Survey (NFHS). This need for a transition to better quality homes in the rural areas implies that the demand for rural homes is still largely unmet.

On the urban front, the housing market is currently experiencing stagnancy in housing prices. A report by Liases Foras Real Estate Rating and Research pointed out that five out of eight top cities in India witnessed a drop-in home sales in the March 2019 quarter, with the sharpest drop in the National Capital Region, even as project launches surged and property prices remained steady. This situation of slack property prices, coupled with lower interest rates, tax incentives on housing loans and the Pradhan Mantri Awas Yojana (PMAY) subsidy suggest that the time seems ripe for acceleration in home purchases. Other factors that will drive the demand for housing in the near future are rapid urbanisation, a trend towards nuclear families and a population which comprises around 2/3rd below the age of 35 years. All these trends put together bode well for the housing finance sector.

Automobiles

According to the Society of Indian Automobile Manufacturers (SIAM), the automobile industry in India produced a total 3,09,15,420 vehicles, including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadri-cycles, in April-March 2019 as against 2,90,94,447 in April-March 2018. This translates into a year-on-year growth of 6.26% in FY2019. While this growth is lower than that of previous years, it comes against the backdrop of a 1.1% decline in global automobile production to about 95.6 million units; this is the first time the global auto sector has posted negative year-on-year growth in the past decade. The global slump in auto demand impacted Indian exports of passenger vehicles, which fell by 9.64%. However, domestically production was backed by strong sales, particularly of commercial vehicles, in the first three quarters of FY 2018-19. In the last quarter, automobile sales put up a dismal performance due to tightening of liquidity which resulted from the asset-liability mismatch crisis in the NBFC sector.

As interest rates continue to be low and trend downwards on account of lower inflation and liquidity returns to the system, growth in the automobile sector is expected to bounce back, especially as customers prepone their purchases to avoid paying the anticipated higher prices that may result from BS-VI emission standards implementation from April 2020 onwards.

BUSINESS PERFORMANCE

MAS has been registered as an NBFC with the RBI since 1995. As a part of the financial services sector for the past 24 years, it has evolved to offer its clients a complete bouquet of retail finance products, including micro enterprise loans, SME loans, home loans, two-wheeler loans, used car loans and commercial vehicle loans. In a growing nation, dedicated to the mission of financial inclusion, MAS is focussed on catering to the borrowing needs of lower income and middle-income groups of the society spread across urban, semi-urban and rural areas, in the formal and informal financial sectors.

Distribution Network

Addressing the credit needs of those in the hinterlands, who have hitherto been underserved or completely bypassed by the formal financial sector, requires very sound geographic and demographic insights. To build a rapport and serve this category of end-clients, MAS has forged very strong value chains by leveraging its distribution network of partner NBFC-MFIs, NBFCs, HFCs and franchisees to extend its financial services to the under-penetrated regions and Bottom of the Pyramid (BOP) segment.

MAS has opened several branches in major cities of Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu and Karnataka. These enables the Company to achieve efficient last-mile delivery of credit, right at the doorstep of its customers that have hitherto been underserved or neglected by the formal financial sector.

With its network of 78 branches, as at end March 2019, MAS caters to over 5,00,000 clients in more than 3,300 centres.

Regional NBFC and NBFC-MFI Partnerships

Following its unique model of partnering with NBFCs and NBFC-MFIs for the distribution of its products in far-flung geographies, has delivered good results for both the Company, its partners and clients. While the partners can avail lines of credit offered by MAS as well as the Company's expertise, the target clients gain access to formal sector loans as per their requirement and MAS augments its client base without concomitant investments in physical infrastructure. Additionally, regional players can develop networks and build trust more effectively as well as undertake the last-mile of credit delivery more efficiently, as they are familiar with the region.

MSME Loans

As on 31st March 2019, MAS has Assets under Management under MSME Loans of ₹ 4,725.43 crores as compared to ₹ 3,679.61 crores on 31st March 2018. This marked a growth of 28.42%.

Housing Loans

MAS Rural Housing & Mortgage Finance Ltd. (MRHMFL), a subsidiary of MAS which serves the middle and lower income segments of the economy, especially in the semi-urban and rural areas has Assets under Management of ₹ 270.24 crores as on 31st March 2019 compared to ₹ 203.34 crores as on 31st March 2018. This translates into a growth of 32.90%.

Commercial Vehicle and Two-wheeler Loans

The Company's Assets under Management under Commercial Vehicle and Two-Wheeler Loans touched ₹ 612.94 crores as on 31st March 2019 from ₹ 477.42 crores as on 31st March 2018, indicating a growth of 28.39%.

FINANCIAL PERFORMANCE

(₹ in Lakh)

Particulars	Standalone		Consolidated	
	Year Ended on 31st March, 2019	Year Ended on 31st March, 2018	Year Ended on 31st March, 2019	Year Ended on 31st March, 2018
Revenue from Operations	57,233.34	45,069.17	60,457.65	47,677.53
Other Income	24.68	20.45	12.01	3.06
Total Income	**57,258.02**	**45,089.62**	**60,469.66**	**47,680.59**
Total Expenditure	**33,865.07**	**28,573.90**	**36,668.85**	**30,903.59**
Profit Before Tax	23,392.95	16,515.72	23,800.81	16,777.00
Provision for Taxation (Including Current Tax, Deferred Tax & Income Tax of earlier Years)	8,181.44	6,172.57	8,340.16	6,257.97
Net Profit	**15,211.51**	**10,343.15**	**15,460.65**	**10,519.03**
Net Profit after profit attributable to the owners of the Holding Company	-	-	15,353.69	10,437.97
Profit Brought Forward	17,557.38	(4,017.83)	17,754.57	(3,845.55)
Effect of changes in Group's interest	-	-	586.50	-
Profit Available for Appropriation	**32,768.89**	**6,325.32**	**33,694.76**	**6,592.42**
APPROPRIATIONS:				
Transfer to reserve u/s 45-IA of RBI Act, 1934	3,042.30	2,067.48	3,042.30	2,067.48
Transfer to reserve u/s 29-C of NHB Act, 1987	-	-	61.28	46.67
Final Dividend on Equity Shares	1,180.70	-	1,180.70	-
Interim Dividend on Equity Shares	819.93	819.93	819.93	819.93
Final Dividend on Preference Shares	-	-	19.09	18.58
Dividend distribution tax on Equity Shares	407.35	166.95	407.91	168.00
Dividend distribution tax on Preference Shares	-	-	3.95	3.61
Conversion of convertible instruments measured at Amortized Cost	-	(14,286.42)	-	(14,286.42)
Surplus Balance carried to Balance Sheet	**27,318.61**	**17,557.38**	**28,159.60**	**17,754.57**

LIABILITY MANAGEMENT

Indian financial system went through a tough period in FY2019 as asset-liability mismatches in banks and NBFCs came to light. The fundamentals of companies in the sector were put to test during these tough times. Due to its financial rectitude, MAS could not only navigate through these times but could also raise the requisite liability, as per mandated targets. The Company has experienced, understood and practised the importance of ALM in Liability management.

With its stringent internal systems and processes, the Company considers liability management as a priority. It is the cornerstone on which it has achieved strong performance in the past and created a good reputation for itself of reliability and rectitude. MAS has also made efforts, over the years, to forge strong bonds with leading banks and various financial institutions. It constantly endeavours to leverage its strong reputation and fund management experience and expertise to deliver benefits for its clients and gains for its stakeholders.

CAPITAL MANAGEMENT

MAS works towards maximising returns on capital employed through an efficient capital management strategy. It ensures that this strategy is within the guidelines laid down by the RBI from time to time and conforms to them. The Company constantly endeavours to enhance its capital management practices towards strengthening its balance sheet.

CREDIT AND RISK MANAGEMENT

The vast universe of financially underserved individual and MSME borrowers in the country presents a colossal opportunity for lenders. This opportunity is compounded by the fact that a large proportion of these potential borrowers could be first-time borrowers.

MAS follows the dictum of extending credit where it is due. Being a company in the business of lending, it ensures that it manages risks effectively, rather than avoiding them. As these risks could emerge from within the Company, due to its operations and strategy, or from external factors, the Company has in place tried and tested risk mitigation policies and structures, such as robust credit models and operational systems, to successfully manage these risks.

The process of receivables management is inherently exposed to various risks. To avoid or minimise these risks, debtors are under the Company's surveillance and regular follow-ups for collection are executed. Further, to mitigate the risk of volatile interest rates, MAS maintains sufficient spreads, offers relatively short tenure loans and resets lending rates from time to time.

The Stage III Asset Net of Provisions of the Company is 1.14% of total AUM as at the end of FY 2018-19. The Company extends loans for an average tenure of 26 months.

The Company has a diversified portfolio of borrowers within its segments of operation. The inter-segment and intra-segment diversity applied to a very large market size, serves as a very potent protection against market risks that could occur due to various macro developments. However, the Company is constantly alert to changes in the market space and takes pre-emptive action, from time to time, to ensure that these changes do not impact the operations of the Company.

OPPORTUNITIES & THREATS

MAS has achieved consistent and sustained growth over the years on the back of its choice of markets to cater to and products to offer. It has assiduously gauged which segments offer promise for lenders and what the needs of these segments are, in terms of lending structures. Accordingly, it has met with great success so far while catering to the MSME sector and serving the hinterlands, through various offerings, namely two-wheeler loans, commercial vehicle loans and the newly introduced segment of used car loans. The size of these financially unserved markets presents a huge opportunity.

Over the years, MAS has understood that an opportunity is nothing without sound 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 AND SYSTEMS AND THEIR ADEQUACY

MAS constantly strives to improve its internal control and systems and operational efficiencies to enhance the quality of its portfolio still further. Realising that the impact of internal risks could easily outweigh those of external risk as personnel of a company have 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 and stringent credit checks and appraisal, which are evaluated on the basis of the quality of the portfolio. The Company takes a holistic view of the credit assessment process by framing credit screens based on reliable demographic data and strict adherence of the same with an element of adaptability. At the same time, there is no compromise on the fundamentals of extending credit where it is due.

The internal audit department comprises of both an internal as well as an external team to highlight the gaps whereas the risk and monitoring department is expected to constantly scrutinise various trends of the portfolio behaviour and also the macro developments from time to time.

The other significant internal control at MAS comprises constant monitoring of operational expenditure with an endeavour to bring it down through better efficiencies rather than just focussing on curtailing the expenditure.

The adequacy of internal controls and their execution are driven by an ethos of constantly endeavouring to improve.

HUMAN RESOURCES

MAS believes that human resources are the foundation on which it can achieve its aspirations and objectives. Accordingly, the Company selects its human resources very judiciously, ensuring that they conform to the Company's culture and follow its values and belief system. The promoters constantly ensure that good governance is a priority and are 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 an adept group of committed resources, is well-equipped to design strategies and execute them so that the Company achieves sustainable growth. 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 work ethic permeates to the every employee of the Company.

As on 31st March 2019, MAS had total team strength of 1499.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

During the year under review, there were no significant changes (changes exceeding 25% or more as compared to the immediately previous financial year) in Key Financial Ratios.

Details of change in Return on Net Worth:

The return on Net Worth of the Company for the current financial year is at a robust 18.07% in spite of a broader capital base as compared to 21.83% in the previous financial year. The profit after tax in the current financial year grew by 47.06%. (The Company went for an IPO in the previous financial year and raised fresh capital of ₹ 233 crores).

OUTLOOK

The country's demographics and stage of growth suggest that there is a huge unfulfilled demand in the housing finance, vehicle finance and MSME finance spaces. These sectors have been financially under-served or, in some ways completely neglected by the formal financial sector. As a result, their development has been stymied. The situation is fast changing as NBFCs, private banks and private equity have begun to flow into these sectors to tap the vast potential that they offer. They have begun to approach their target customers with innovative and customised lending products. Using data, information and technology, they are also able to overcome issues of the past – such as proof of creditworthiness - that presented hurdles in the past. The Government and RBI are also making efforts to institute policy reforms that will facilitate lending to these segments.

As a result, there has been a flood of new players who have entered this space. Although this market is vast enough to accommodate them, companies that have garnered expertise through years of experience will always enjoy a competitive advantage.

Annexure - J

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; It enhances long term Shareholders value through assisting the top management in taking sound business decisions and prudent financial management and achieving transparency and professionalism in all decisions and activities of the Company.

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 seven Directors out of which two (2) are Promoter Executive Directors, one (1) is woman Executive Director, one (1) is non-promoter woman additional Independent Director and Three (3) are non-promoter Independent Directors as on March 31, 2019. As on the date of this report, the Board comprises following Directors;

Name of Directors	Designation	Category	Date of Appointment	Total Directorship	No. of Committee Membership/ chairman in other Domestic company^		No. of Equity Shares held as on March 31, 2019
					Chairman	Members	
Mr. Kamlesh Chimanlal Gandhi	Chairman & Managing Director (Promoter)	Executive Director	25/05/1995	4	-	-	62,64,081
Mr. Mukesh Chimanlal Gandhi	Whole-time Director & CFO (Promoter)	Executive Director	25/05/1995	5	-	1	1,61,55,814
Mrs. Darshana Saumil Pandya	Director & COO	Executive Director	23/09/2016	2	-	-	15,434
Mr. Balabhaskaran	Independent Director	Non - Executive Director	25/05/1995	4	2	-	945
Mr. Chetan Ramniklal Shah	Independent Director	Non - Executive Director	06/06/2008	2	-	2	Nil
Mr. Umesh Rajanikant Shah	Independent Director	Non - Executive Director	21/12/2016	1	-	-	Nil
Mrs. Daksha Niranjan Shah	Additional Director	Non - Executive Director	14/03/2019	5	1	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 Directors 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 6 times, viz May 09, 2018, May 28, 2018, August 24, 2018, November 01, 2018, January 30, 2019 and March 14, 2019.

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

Name of Directors	No. of Board meeting held during the year (2018-19)	No. of Board Meeting attended during the year (2018-19)	Attended the previous AGM (Yes or No)
Mr. Kamlesh C. Gandhi	6	6	Yes
Mr. Mukesh C. Gandhi	6	6	Yes
Mrs. Darshana S. Pandya	6	6	Yes
Mr. Balabhaskaran	6	6	Yes
Mr. Chetan R. Shah	6	4	Yes
Mr. Umesh R. Shah	6	5	Yes
*Mrs. Daksha N. Shah	6	1	NA

*Appointed with effect from 14th March, 2019.

Directorship & Membership of Board / Committees:

Name of Directors	Directorship	Category	*No. of Committees
Mr. Kamlesh Chimanlal Gandhi	1. MAS Financial Services Limited#	Executive Director	-
	2. MAS Rural Housing & Mortgage Finance Limited	Executive Director	-
	3. Prarthna Marketing Private Limited	Executive Director	-
	4. Swalamb Mass Financial Services Ltd	Executive Director	-
Mr. Mukesh Chimanlal Gandhi	1. MAS Financial Services Limited#	Executive Director	SRC Committee - Member
	2. MAS Rural Housing & Mortgage Finance Limited	Executive Director	Audit Committee - Member
	3. Swalamb Mass Financial Services Ltd	Executive Director	-
	4. Finance Industry Development Council	Executive Director	-
	5. Prarthna Marketing Private Limited	Executive Director	-
Mrs. Darshana Saumil Pandya	1. MAS Financial Services Limited#	Executive Director	-
	2. MAS Rural Housing & Mortgage Finance Limited	Executive Director	-
Mr. Balabhaskaran	1. MAS Financial Services Limited#	Non - Executive Director	Audit Committee – Chairman Nomination & Remuneration Committee – Chairman SRC - Chairman
	2. MAS Rural Housing & Mortgage Finance Limited	Non - Executive Director	Audit Committee – Chairman Nomination & Remuneration Committee - Chairman
	3. Swalamb Mass Financial Services Ltd	Non - Executive Director	-
	4. Kesavan Chandrika Foundation	Non - Executive Director	-
Mr. Chetan Ramniklal Shah	1. MAS Financial Services Limited#	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee – Member SRC - Member
	2. MAS Rural Housing & Mortgage Finance Limited	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee - Member
Mr. Umesh Rajanikant Shah	1. MAS Financial Services Limited#	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee – Member
Mrs. Daksha Niranjan Shah	1. MAS Financial Services Limited#	Non - Executive Director	-
	2. Saline Area Vitalisation Enterprise Limited	Non - Executive Director	-
	3. Sadbhav Infrastructure Project Limited #	Non - Executive Director	-
	4. Nagpur - Seoni Express Way Limited ##	Non - Executive Director	Audit Committee – Member SRC - Chairman
	5. Altura Financial Services Limited	Executive Director	-

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

Securities of the Entity are listed on Stock Exchange.

Debt securities are listed on BSE.

List of Matrix/chart of special skill

Sr. No.	Name of the Directors	Skills/Expertise identified by the Board	Specialization
1.	Mr. Kamlesh C. Gandhi	• Integrity, • Ability to function as Team, • Leadership Quality, • Commitment • Future Vision & Innovation	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 enables for the consistent performance of the Company.
2.	Mr. Mukesh C. Gandhi		He is having rich experience in Finance sector for past 23 years. He has substantial exposure to financial services. He holds Bachelor's and Master's degrees in commerce from Gujarat University. He possesses all skills & expertise as required for the growth of the Company in future.
3.	Mrs. Darshana S. Pandya		She is having vast experience in Finance sector for past 22 years. She has done her graduation from Commerce Background. She is very dedicated towards her role & responsibilities. She is having good exposure in the Finance sector. During a career span of 22 years, she has successfully established and led many innovative services which have led the organization grow.(i.e created value in the organization)
4.	Mr. Balabhaskaran		He has over 22 years of professional experience and has in the past held various positions with Shanti Business School as Director, PGDM, Gujarat Industrial Investment Corporation Limited as Senior Manager (Overseas Cell), Jyoti Limited as the Corporate Planning Officer, Bihar State Credit & Investment Corporation Private Limited as Development Officer, Indian Institute of Management as a researcher, Tata Merlin & Gerin Limited as Junior Engineer, Khira Steel Works Private Limited as Trainee Industrial Engineer, and Reunion Engineering Company Private Limited as Trainee Engineer. He holds a bachelor's of technology degree in electrical engineering (power) from Indian Institute of Technology, Madras, a post graduate diploma in management from Indian Institute of Management, Bangalore and a doctorate in management from Sardar Patel University. He is also a qualified chartered financial analyst registered with the Institute of Chartered Financial Analysts of India. The Company is benefitted from the valuable experience, knowledge and Expertise of Mr. Balabhaskaran.
5.	Mr. Chetan R. Shah		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. He holds bachelor's degrees in commerce and law (general) from Gujarat University and He is also a qualified chartered accountant registered with the Institute of Chartered Accountants of India. The Company is benefitted from the valuable experience, knowledge and Expertise of Mr. Chetan R. Shah.
6.	Mr. Umesh R. Shah		He has more than five decades of experience in the diversified fields connected with Finance, Accounting, Auditing and Taxation. He is Bachelor of Commerce and Chartered Accountant holding membership of the Institute of the Chartered Accountants of India (ICAI) since 1980. The Company is benefitted from the valuable experience, knowledge and Expertise Mr. Umesh R. Shah.
7.	Mrs. Daksha N. Shah		She has rich experience of more than three decades in diversified fields of Textile, Chemical and Financial services. She worked as a Programme Director of Vikas Centre for Development and Friends of Women's World Banking by serving and building capacity of more than 80 Microfinance Organizations all over India. She has served on the Board of various MFIs as well as Trustee of various Trusts involved in social and humanitarian work. She worked as Managing Director of Pahal Financial Services Pvt. Ltd from 2011 to 2014. At present she is the Managing Director of Altura Financial Services Ltd since 2014. She is a business graduate from Indian Institute of Management (IIM), Ahmedabad, specializing in Finance and Marketing and also a student of Economics and Statistics. She has undergone various courses such as the course in Microfinance at the Economic Institute, Boulder, Colorado, USA. The Company is benefitted from the valuable experience, knowledge and Expertise Mrs. Daksha N. Shah.

In the opinion of the Board, the independent directors fulfill the conditions specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are Independent of the Management.

No Independent Director has resigned before the expiry of their tenure during the year; therefore there is no requirement to make any disclosure in the said matter.

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 Four Non-Promoter Independent Directors in line with the Companies Act, 2013 and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms and conditions of appointment of Independent Directors and Code for Independent Directors are incorporated on the website of the Company at www.mas.co.in. The Company has received necessary declaration from each Independent Directors 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 of 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 March 30, 2019 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 meetings are generally held once in a 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 meetings are 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 6 (Six) times on May 09, 2018, May 28, 2018, August 23, 2018, October 30, 2018, January 28, 2019 and March 20, 2019.

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 2018-19	
		Held	Attended
Mr. Balabhaskaran	Chairman	6	6
Mr. Chetan Shah	Member	6	4
Mr. Umesh Shah	Member	6	4

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

Mr. Balabhaskaran, the Chairman of the Audit Committee had attended last Annual General Meeting of the Company held on June 27, 2018.

The Company Secretary & Compliance Officer acts as the Secretary to the Committee.

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.

(21) reviewing the utilization of loans and / or advances from / investment by the holding Company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

(22) The Committee shall review compliance with the provisions of Securities and Exchange Board of Indian (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

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 SEBI (Listing Obligations and Requirements) Regulations, 2015. Nomination and Remuneration Committee meetings are generally held for identifying the person who is qualified to become Director or Key Managerial Personnel 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 May 09, 2018, August 23, 2018, October 30, 2018, January 28, 2019 and March 14, 2019.

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 2018 -19	
		Held	Attended
Mr. Balabhaskaran	Chairman	5	5
Mr. Chetan Shah	Member	5	4
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.
6. recommend to the board, all remuneration, in whatever form, payable to senior management.
7. Performance evaluation criteria for 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.

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	Chairman & Managing Director	Salary	718.77
2.	Mr. Mukesh Gandhi	Whole-Time Director & CFO	Salary	718.15
3.	Mrs. Darshana Pandya	Director & COO	Salary	31.32

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	(₹)
1.	Mr. Bala Bhaskaran	1, 45,000/-
2.	Mr. Chetan Shah	1,10,000/-
3.	Mr. Umesh Shah	1,05,000/-
4.	*Mrs. Daksha Shah	10,000/-

*Appointed with effect from 14th March, 2019.

The remuneration of the Executive 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.

Further, the Independent Directors are paid fixed sitting fees i.e. ₹ 5000/- per committee meeting & ₹ 10,000/- per Board meeting.

No other performance linked incentives or any other fees are paid to any of the Directors.

The Company has not entered in to any Service Contract with the Directors, except agreement with the Managing Director entered with Mr. Kamlesh C. Gandhi and agreement with Mr. Mukesh C. Gandhi who is the Whole-time Director of the Company.

The Notice Period of the Executive Directors of the Company is 6 months. Further, there is no notice period for the Independent Directors of the Company.

The Company does not pay any severance fees to any of the Directors.

Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable: Not Applicable.

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 Relationship Committee met 4 (Four) times on May 09, 2018, August 23, 2018, October 30, 2018 and January 28, 2019.

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 2018-19	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	4
Mr. Mukesh Gandhi	Member	4	4
Mr. Chetan Shah	Member	4	3

Complaint

During the year, the Company had received 11 complaints from the Shareholders and the Company has disposed of/resolved all the complaints. Therefore there was no complaint pending as on March 31, 2019.

Mr. Balabhaskaran, the Chairman of the Committee had attended last Annual General Meeting of the Company held on June 27, 2018.

Investor Grievances Officer

Ms. Riddhi Bhaveshbhai Bhayani
Company Secretary and Compliance Officer
6, Narayan Chambers, Ground Floor,
Behind Patang Hotel, Ashram Road,
Ahmedabad – 380 009
E-Mail: greivance@mas.co.in
Phone: +91-79-41106638

Broad terms of reference:

1. Resolving the grievances of the security holders including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. 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 closure of the financial year. The Committee shall also review services rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

D. General Body Meetings

a. Annual General Meetings:

Financial Year	Date	Location of Meeting	Time	No. of Special Resolutions passed
2017 - 18	June 27, 2018	Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	10.00 A.M	2
2016-17	June 21, 2017	Registered Office: 5th Floor Narayan Chambers, B/H Patang Hotel Ashram Road, Ahmedabad – 380 006, Gujarat	11.00 A.M.	2
2015-16	June 29, 2016	Registered Office: 5th Floor Narayan Chambers, B/H Patang Hotel Ashram Road, Ahmedabad – 380 006, Gujarat	12.00 Noon	Nil

Following Special Resolutions were passed through E-voting and poll, as per the procedure prescribed under Section 108 & Section 109 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2011 under the overall supervision of the Scrutinizer, Mr. Ravi Kapoor, Practicing Company Secretary.

Resolution(s)	Details of Resolution(s)	Resolution(s) Passed on	Total No. of votes in favour	Total No. of votes against	% of votes in favour	% of votes against
Special	Approval for increasing the Borrowing Powers under Section 180(1)(c) upto ₹ 5,000 crores.	June 27, 2018	46271477	214241	99.5391	0.4609
Special	Approval for creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a).	June 27, 2018	46271209	214209	99.5392	0.4608
Special	Approval for increasing the Borrowing Powers under Section 180(1)(c) upto ₹ 3500 crores.	June 21, 2017	10	0	100.00	0.00
Special	Approval for creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a).	June 21, 2017	10	0	100.00	0.00

All of the aforesaid resolutions were passed by the shareholders by overwhelming and requisite majority.

The Company has not passed any special resolution last year through postal ballot.

The Company has not 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" in English and "Lok Mitra 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 https://www.mas.co.in/annual-reports.html in a downloadable form.

c. Presentations/News Releases:

During the year under review, the Company has made presentations to institutional investors / to the analysts it is available on the website of the Company https://www.mas.co.in/investor-presentation.html. 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 L65910GJ1995PLC026064.

b. Registered Office:

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

c. Date, time and venue of the 24th Annual General Meeting:

24th Annual General Meeting is to be held on Wednesday, June 26, 2019 at 10.00 A.M. at the H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.

d. Financial Year:

Financial year is April 1, 2019 to March 31, 2020 and financial results will be declared as per the following schedule.

Name of Directors	Tentative Schedule
Quarterly Results	
Quarter ending on June 30, 2019	On or before August 14, 2019
Quarter ending on September 30, 2019	On or before November 14, 2019
Quarter ending on December 31, 2019	On or before February 14, 2020
Annual Result of 2019-20	On or before May 30, 2020

e. Dividend Payment:

The Company had paid 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) for the F.Y. 2017-18. The same was declared by Board of Directors in their meeting held on May 09, 2018 which was subsequently approved by members in the 23rd Annual general meeting held on 27th June, 2018. The said dividend was paid on 11th July, 2018.

During the year under review, the Company had 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 same was declared by Board of Directors in their meeting held on November 01, 2018. The said dividend was paid on 27th November, 2018.

Further, the Board of Directors of the Company has proposed a Final Dividend of ₹ 3.60/- (Three Rupee Sixty Paise Only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up aggregating to ₹ 19,67,83,354.80/- (Rupees Nineteen Crore Sixty Seven Lakh Eighty Three Thousand Three Hundred Fifty Four Rupees and Eighty Paise only) for the F.Y. 2018-19.

f. **Book closure date:**

The Register of Members and Share Transfer Books of the Company will be closed from Thursday, June 20, 2019 to Wednesday, June 26, 2019 (both days inclusive) for the purpose of 24th Annual General Meeting.

g. **Listing on Stock Exchanges:**

The Company's Equity Shares are listed on the both the stock exchange details of the same are given below. The ISIN of the Company is **INE348L01012**.

BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400001 Scrip Code: 540749	Exchange Plaza Plot No. C/1, G Block Bandra-Kurla Complex Bandra (East) Mumbai – 400051 Trading Symbol: **MASFIN**

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

Annual listing fees for the year 2019-2020 have been paid by the Company to BSE Ltd & NSE.

h. **Market Price Data:**

Month	Company's Shares	
	High (In ₹) – BSE	Low (In ₹) - BSE
April, 2018	630.00	583.05
May, 2018	634.90	573.80
June, 2018	614.90	555.05
July, 2018	600.00	542.00
August, 2018	615.90	550.00
September, 2018	623.00	504.00
October, 2018	524.80	365.00
November, 2018	575.00	458.00
December, 2018	614.65	504.25
January, 2019	605.00	505.00
February, 2019	585.50	504.95
March, 2019	573.00	525.10

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

Month	MASFIN Share Price at BSE** (In ₹)	SENSEX**
April, 2018	625.05	35,160.36
May, 2018	606.55	35,322.38
June, 2018	556.70	35,423.48
July, 2018	578.75	37,606.58
August, 2018	600.40	38,645.07
September, 2018	519.60	36,227.14
October, 2018	448.70	34,442.05
November, 2018	536.30	36,194.30
December, 2018	602.90	36,068.33
January, 2019	526.80	36,256.69
February, 2019	544.95	35,867.44
March, 2019	566.60	38,672.91

** closing data on the last day of the month

Month	Company's Shares	
	High (In ₹) – NSE	Low (In ₹) - NSE
April, 2018	632.7	591.55
May, 2018	637.15	569.85
June, 2018	615	550
July, 2018	599.35	539.55
August, 2018	619.9	553.05
September, 2018	624.6	501.05
October, 2018	520	367.95
November, 2018	565	453.25
December, 2018	612.75	502.05
January, 2019	593.95	509.65
February, 2019	580	505.5
March, 2019	574.95	530

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

Month	MASFIN Share Price at NSE**(In ₹)	NIFTY**
April, 2018	625.9	10739.35
May, 2018	608.3	10736.15
June, 2018	554.3	10714.30
July, 2018	575.45	11356.50
August, 2018	605.5	11680.5
September, 2018	523.45	10930.45
October, 2018	451.95	10386.6
November, 2018	532.1	10876.75
December, 2018	599.4	10862.55
January, 2019	528.4	10830.95
February, 2019	549.2	10792.5
March, 2019	563.25	11623.9

** closing data on the last day of the month

i. **Registrar & Transfer Agent**

Link Intime India Private Limited

Registered Office Address:
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

Branch/Correspondence Address:
506 To 508, Amarnath Business Centre – 1,
Beside Gala Business Centre,
Nr. St. Xavier's College Corner, Off, Chimanlal Girdharlal Rd,
Sardar Patel Nagar, Ellisbridge,
Ahmedabad – 380006
Tel No.: +91 79 26465179 /86 / 87
Fax No.: +91 79 26465179

j. **Share Transfer Procedure:**

All the physical transfers of shares 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 and SEBI (Depositories and Participants) Regulations, 2018, 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 exchange as required.

k. Shareholding as on March 31, 2019:

a. Distribution of Shareholding as on March 31, 2019:

Range of No. of Shares	No. of Shareholders		Shares held	
From – To	Number	%	Number	%
1-500	19379	96.2932	9,77,260	1.7878
501-1000	375	1.8634	2,75,973	0.5049
1001-2000	164	0.8149	2,36,398	0.4325
2001-3000	56	0.2783	1,40,608	0.2572
3001-4000	38	0.1888	1,32,449	0.2423
4001-5000	24	0.1193	1,11,681	0.2043
5001-10000	37	0.1839	2,73,521	0.5004
10001 and above	52	0.2584	5,25,14,153	96.0706

b. Shareholding Pattern as on March 31, 2019:

Category	No. of shares held		Total No. of Shares	% of Holding
	Physical	Demat		
Promoter and Promoter Group	-	4,01,60,046	4,01,60,046	73.47
Mutual Funds	-	52,21,281	52,21,281	9.55
Banks / FI / Central Govt. / State Govts / Trusts & Insurance Companies	-	10,373	10,373	0.01
Foreign Institutional Investors / Portfolio Investor	-	14,05,642	14,05,642	2.57
NRI	-	1,20,437	1,20,437	0.22
Foreign Nationals	-	-	-	-
Foreign Companies	-	-	-	-
Bodies Corporate	-	10,83,227	10,83,227	1.98
Clearing Member	-	17,679	17,679	0.032
Directors / Relatives of Director	-	28,362	28,362	0.05
Indian Public / HUF	-	19,62,137	19,62,137	3.59
Trusts	-	39,90,422	39,90,422	7.30
NBFCs registered with RBI	-	32	32	0.00
Alternate Investment Funds	-	6,62,405	6,62,405	1.22
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 March 31, 2019.

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 78 branches as on 31st March, 2019.

p. Address of Correspondence:

i) **MAS Financial Services Limited**
Ms. Riddhi Bhaveshbhai Bhayani
Company Secretary and Compliance Officer
6, Narayan Chambers, Ground Floor,
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
Mr. R. Chandra Sekher
506 To 508, Amarnath Business Centre – 1,
Beside Gala Business Centre,
Nr. St. Xavier's College Corner, Off.
Chimanlal Girdharlal Rd., Sardar Patel Nagar,
Ellisbridge, Ahmedabad – 380006
Tel No.: +91 79 26465179 /86 / 87
Fax No.: +91 79 26465179
Email: mas.ipo@linkintime.co.in
Web: www.linkintime.co.in

q. **Credit Ratings:**

During the year, your Company's long term credit ratings have been upgraded to ACUITE AA- with Stable Outlook. Also, your company has been assigned highest short term rating of ACUITE A1+ by Acuite Ratings & Research. The Credit rating was obtained from Acuité Ratings & Research on 13th March 2019.

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 except in one instance where Company has made delay in furnishing prior intimation under Regulation 29(2) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 to the stock exchange(s) about agenda of recommendation of interim dividend and no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority except in one instance mentioned above however the Company has paid the necessary fines with the Stock Exchange(s) for the said non-compliance.

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

h. Company has not raised funds through preferential allotment or qualified institutions placement therefore details regarding utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) is Not Applicable to the Company.

i. The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on March 31, 2019 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.

j. A qualified Practicing 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.

k. We have obtained a certificate from Practicing Company Secretary that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

l. There were no circumstances where board had no accepted any recommendation of any committee of the board during the year.

m. Total fees paid for the services to the statutory auditors is ₹ 48.38 Lakhs for the financial year 2018-19.

Particulars	Amount in Lakhs
Statutory audit	22.42
Limited review of quarterly results	24.78
Reimbursements of expenses	1.18
Total	**48.38**

n. 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.

o. 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.

p. Details of the familiarization programme of the independent directors are available on the website of the company at www.mas.co.in.

q. 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 www.mas.co.in.

r. 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.

s. 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 appointment/re-appointment at the forthcoming AGM are given herein and in the Annexure to the Notice of the 24th AGM to be held on June 26, 2019.

t. In the preparation of the financial statements, the Company has followed the accounting policies and practices as prescribed in the Accounting Standards.

u. The Company does not have any demat suspense account/unclaimed suspense account and therefore, the details pertaining the same are not given.

v. During the year under review, there were no complaint i.e. incidences of sexual harassment reported.

w. There is no non-compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of Schedule V read with Regulation 34(3) of SEBI LODR Regulations.

H. LOCK IN SHARES:

Following shares held by the promoters of the company are under lock in as on March 31, 2019:

Sr. No.	Name	Category	No. of shares in lock in	Percentage of total shares held by them.
1.	Mrs. Shweta Kamlesh Gandhi	Promoter	5466205	33.4561
2.	Mr. Mukesh Chimanlal Gandhi	Promoter & Director	5466205	33.8343

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
Details of business	46(2)(a)	Yes
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
email address for grievance redressal and other relevant details	46(2)(j)	Yes
Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	46(2)(k)	Yes

Particulars	Regulation Number	Compliance Status
Financial results	46(2)(l)	Yes
Shareholding pattern	46(2)(m)	Yes
Details of agreements entered into with the media companies and/or their associates	46(2)(n)	NA
Schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange	46(2)(o)	Yes
New name and the old name of the listed entity	46(2)(p)	NA

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

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

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

Riddhi B. Bhayani
Company Secretary &
Compliance Officer
Membership No.: A41206

Date : May 08th, 2019
Place : Ahmedabad

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
MAS Financial Services Limited

We have examined the Compliance Conditions of Corporate Governance by MAS Financial Services Limited for the year ended on 31st March, 2019 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, 2018 to 31st March 2019. 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
COP: 2407

Date : 8th May, 2019
Place : Ahmedabad

DECLARATION

I, Kamlesh Gandhi, Chairman & Managing Director of MAS Financial Services Limited hereby declare that as of March 31, 2019, 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
MAS FINANCIAL SERVICES LIMITED

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

Date : May 08th, 2019
Place : Ahmedabad

CERTIFICATE OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Kamlesh C. Gandhi, Chairman and Managing Director & Mukesh C. Gandhi, Whole-time Director and Chief Financial Officer of MAS FINANCIAL SERVICES LIMITED certify that:

We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2019 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 March 31, 2019 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 &
Chief Financial Officer
(DIN: 00187086)

Date: May 08th, 2019
Place: Ahmedabad

Annexure - K

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. 34 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://www.mas.co.in/policy.html

Annexure - L

BUSINESS RESPONSIBILITY REPORT FOR THE FY 2018 - 19

(In pursuant to Regulation 34(2)(f)) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

SECTION – A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L65910GJ1995PLC026064
2. Name of the Company : MAS Financial Services Limited
3. Registered address : 6 Narayan Chambers. Ground Floor B/H Patang Hotel, Ashram Road Ahmedabad – 380009
4. Website : www.mas.co.in
5. E-mail id : riddhi_bhayani@mas.co.in
6. Financial Year reported : 2018-19
7. Sector(s) that the Company is engaged in (industrial activity code-wise) :

Description of the main products/services	NIC code for the product or service
Other financial service activities, except Insurance and pension funding activities, n.e.c	64990

8. List three key products/services that the Company manufactures/provides (as in balance sheet)

   The Company was established in 1995 and we have a long track record of more than two decades in Providing finance to the MSME, loan to purchase Two-Wheeler and Commercial vehicle in India.

9. Total number of locations where business activity is undertaken by the Company:

   (a) Number of International Locations (Provide details of major 5): NIL

   (b) Number of National Locations: The Company operates in 6 states and NCT Delhi through its 78 branches.

10. Markets served by the Company – Local/State/National/International

SECTION B: FINANCIAL DETAILS OF THE COMPANY (AS ON 31.03.2019)

1. Paid up Capital (₹ in Lakh) : ₹ 5466.20
2. Total Turnover (₹ in Lakh) : ₹ 57258.02
3. Total profit after taxes (₹ in Lakh) : ₹ 15211.51/-
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)

   The Company's total spending on CSR is ₹ 25,87,323.82/- approx. 0.226% of the average profit after taxes in the previous three financial years.

5. List of activities in which expenditure in 4 above has been incurred:-

A. Health

B. Education

C. Social welfare

SECTION C: OTHER DETAILS

1) Does the Company have any Subsidiary Company/ Companies?

   - Yes, The Company has 1 Subsidiary i.e MAS Rural Housing & Mortgage Finance Limited.

2) Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

   - Business Responsibility initiatives of the Parent Company are generally followed by the subsidiary companies i.e MAS Rural Housing & Mortgage Finance Limited to the extent possible.

3) Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

- No.

SECTION D: BR INFORMATION

(1) Details of Director/Directors responsible for BR

a) Details of the Director/Director responsible for implementation of the BR policy/ policies

Sr. No	DIN	Name	Designation
1	00044852	Mr. Kamlesh Chimanlal Gandhi	Chairman & Managing Director
2	00187086	Mr. Mukesh Chimanlal Gandhi	Whole Time Director & CFO
3	07610402	Mrs. Darshana Saumil Pandya	Director & COO

b) Details of the BR head:

Sr. No.	Particulars	Details
1	DIN (if applicable)	--
2	Name	Ms. Riddhi Bhaveshbhai Bhayani
3	Designation	Company Secretary & Compliance Officer
4	Telephone number	(079)-41106638
5	e-mail id	riddhi_bhayani@mas.co.in

(2) Principle-wise (as per NVGs) BR Policy/policies:

The Business Responsibility Policy ("BR Policy") addressing the following 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs).

The 9 principles outlined in the National Voluntary Guidelines are as follows:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights.
P6	Business should respect, protect and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for...	Y	N	Y	Y	Y	N	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	Y	-	-	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	-	Y	Y	Y	-	-	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	-	Y	Y	Y	-	-	Y	Y

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
5	Does the company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	-	Y	Y	Y	-	-	Y	Y
6	Indicate the link for the policy to be viewed online?	#	-	#	#	#	-	-	#	#
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	Y	-	-	Y	Y
8	Does the company have in-house structure to implement the policy/policies.	Y	-	Y	Y	Y	-	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	-	Y	Y	Y	-	-	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	-	N	N	N	-	-	N	N

b) **If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	*	-	-	-	*	*	-	-

https://www.mas.co.in/policy.html

*Considering the nature of company's business, these Principles have limited applicability. The Company complies with Regulations governing its operations and has taken initiatives to promote inclusive growth and environmental sustainability.

(3) Governance related to BR

A. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

- The Board of Directors / its Committees / Chairman or any authorised officials of the Company, as the case may be, assesses the BR Performance on Annual basis

B. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

- Company's Annual Report includes Business Responsibility Report. The copy of the same is available on the website of the Company www.mas.co.in. It is published Annually.

SECTION E: PRINCIPLE -WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?

   - Yes, The Company has defined a Code of Conduct to deter wrongdoings and to promote ethical practices. Yes, the Code extends to all dealings with suppliers, customers and other business partners.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
   - The Company encourages all its stakeholders to freely share their concerns and grievances. The Company has received 50 complaints from various stakeholders during FY 2018-19, out of which 48 complaints were promptly resolved.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
   - Not Applicable
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
      - The Company operates in financial services sector, therefore this aspect doesn't relate to the nature of its business. However, the Company extensively monitors its energy consumption.
3. Does the company have procedures in place for sustainable sourcing (including transportation)?
   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
      - Though the Company is in Financial Service Sector, therefore this aspect doesn't relate to the nature of its business.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
   - Not Applicable
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.
   - Not Applicable

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees: 995
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 504
3. Please indicate the Number of permanent women employees: 54
4. Please indicate the Number of permanent employees with disabilities: 02
5. Do you have an employee association that is recognized by management: No
6. What percentage of your permanent employees is members of this recognized employee association? N.A.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No	Category	No of complaints filed during the financial year (2018-19)	No of complaints pending as on end of the financial year (2018-19)
1	Child labour/forced labour/ involuntary labour	NIL	
2	Sexual harassment		
3	Discriminatory employment		

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?
   (a) Permanent Employees
   (b) Permanent Women Employees
   (c) Casual/Temporary/Contractual Employees
   (d) Employees with Disabilities

Your company has established in-house systems in place to inculcate high performance culture in the organization. We periodically organize the training programmes for upgrading functional and soft skills of employees. We provide Induction training to all the employees of the Company and on regular intervals various other training is organized to update the knowledge. In order to ensure healthy working conditions and prevent sexual harassment of women employees, we have constituted Internal Complaint Committees.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders? Yes/No

   No

2. Out of the above, has the company identified the disadvantaged, vulnerable & Marginalized Stakeholders.

   Not Applicable

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   Not Applicable

Principle 5: Businesses should respect and promote human rights.

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?
   - This is covered under our Policies on Business Responsibility Report. It is available on the website of the Company www.mas.co.in.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
   - Kindly refer Principle 1 point no. 2.

Principle 6: Business should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.
   - Not Applicable
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.
   - Not Applicable
3. Does the company identify and assess potential environmental risks? Y/N
   - Not Applicable
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
   - Not Applicable
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
   - No such initiatives carried out in the Financial year 2018-19
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
   - Not Applicable
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
   - Not Applicable

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
   - Finance Industry Development Council
   - Gujarat Finance Companies Association

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
   - Yes. Representations had been submitted to the Government and regulatory authorities on various matters for the improvement of Public good.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
   - Yes, Please refer to Annual Report on CSR Activities

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?
   - Yes, various programmes has been carried out by the Company

3. Have you done any impact assessment of your initiative?
   - The Company has a process for doing the impact assessment for its key CSR interventions by engaging Employees of the company on the regular basis.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?
   - Amount spent ₹ 25,87,323.82 Please refer to Annual Report on CSR Activities for details.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
   - Your Company's CSR initiatives are aligned to the mission of transforming rural lives and driving a positive change in the communities. The Company actively implements projects and initiatives in the areas of health, education, employment & livelihood generation, afforestation, rural development and community welfare.
   - Your company has identified 110 bright students from 21 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 sponsored their fees, school bags, stationeries, for undergoing higher studies and uniforms as well as provided vehicle for handicap students. Your company believes that education is one of the most important investments which can create positive impact on society.
   - Your company has identified place where people were not getting fresh drinking water. In order to develop rural area and promoting health and sanitation Company installed RO Plant in Ajarapur, Gandhinagar. Now 3,550 people of Ajarapur get fresh and safe drinking water. Company assures the maintenance of the said RO Plant on regular basis. Further company is in search of identifying various rural places where other such development can be made.
   - It is Company's continuous endeavor to increase its CSR impact and spend over the coming years, supplemented by its continued focus towards rural development, promoting health and sanitation.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
   - Only 2 stakeholder complaints and 17 Consumer cases are pending as on 31st March, 2019.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)
   - Not Applicable

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
   - No

4. Did your company carry out any consumer survey/ consumer satisfaction trends?
   - NA

Independent Auditor's Report

To the members of MAS Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of MAS Financial Services Limited (the 'Company'), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'standalone financial statements').

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 Companies Act, 2013 (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 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143 (10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the 'ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Transition date accounting policies</td></tr>
<tr><td colspan="2">Refer to the accounting policies in the standalone financial statements: Significant Accounting Policies – 'Basis of preparation' and Note 47 to the standalone financial statements: 'Explanation of transition to Ind AS'</td></tr>
<tr><td>Effective 1 April 2018, the Company has adopted the Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017.

The following are the major impact areas for the Company upon transition:
• Business model assessment
• Classification and measurement of financial assets and financial liabilities
• Measurement of loan losses (expected credit losses)
• Accounting for assignment
• Accounting for loan fees and costs
• Accounting for actuarial gain / loss on post-employment benefit

Migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date.

We identified transition date accounting as a key audit matter because of significant degree of management judgment and application on the areas noted above.</td><td>Our key audit procedures included:

Design / controls
• Assessing the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the principles under Ind AS 101.
• We have also confirmed the approval of Audit Committee for the choices and exemptions made by the Company for compliance / acceptability under Ind AS 101.

Substantive tests
• Evaluated management's transition date choices and exemptions for compliance / acceptability under Ind AS 101.
• Understood the methodology implemented by management to give impact on the transition and tested the computation.
• Assessed areas of significant estimates and management judgment in line with principles under Ind AS.
• Evaluated the adequacy of the disclosure required by Ind AS 101</td></tr>
</table>

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Assessment of business model for classification and measurement of financial assets

Financial assets classified at Amortised cost: ₹ 40,266.91 Lakh as at 31 March 2019
Financial assets classified at FVOCI: ₹ 321,853.69 Lakh as at 31 March 2019
Financial assets classified at FVTPL: Nil as at 31 March 2019</td></tr>
<tr><td colspan="2">Refer to the accounting policies in the standalone financial statements: Significant Accounting Policies- ‘Classification and measurement of financial assets’ and Note 7 to the standalone financial statements: ‘Loans (At FVOCI)’</td></tr>
<tr><td>Classification and measurement of financial assets – Business model assessment

Ind AS 109, Financial Instruments, contains three principal measurement categories for financial assets i.e.:
• Amortised cost;
• Fair Value through Other Comprehensive Income (‘FVOCI’); and
• Fair Value through Profit and Loss (‘FVTPL’).

A financial asset is classified into a measurement category at inception and is reclassified only in rare circumstances. The assessment as to how an asset should be classified is made on the basis of both the Company’s business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

The term ‘business model’ refers to the way in which the Company manages its financial assets in order to generate cash flows. That is, the Company’s business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

Amortised cost classification and measurement category is met if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

FVOCI classification and measurement category is met if the financial asset is held in a business model in which assets are managed both in order to collect contractual cash flows and for sale. Such financial assets are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income.

FVTPL classification and measurement category is met if the financial asset does not meet the criteria for classification and measurement at amortised cost or at FVOCI. Such financial assets are subsequently measured at fair value, with changes in fair value recognized in profit or loss.

We identified business model assessment as a key audit matter because of the management judgement involved in determining the intent for purchasing and holding a financial asset which could lead to different classification and measurement outcomes of the financial assets and its significance to the standalone financial statements of the Company.</td><td>Our key audit procedures included:

Design / controls
• Assessing the design, implementation and operating effectiveness of key internal controls over management’s intent of purchasing a financial asset and the approval mechanism for such stated intent and classification of such financial assets on the basis of management’s intent (business model).
• For financial assets classified at amortised cost, we tested controls over the classification of such assets and subsequent measurement of assets at amortised cost. Further, we tested key internal controls over monitoring of such financial assets to check whether there have been any subsequent sales of financial assets classified at amortised cost.
• For financial assets classified at FVOCI, we tested controls over the classification of such assets and subsequent measurement of assets at fair value.

Substantive tests
• Test of details over of classification and measurement of financial assets in accordance with management’s intent (business model).
• We selected a sample of financial assets to test whether their classification as at the balance sheet date is in accordance with management’s intent.
• We selected a sample (based on quantitative thresholds) of financial assets sold during the year to check whether there have been any sales of financial assets classified at amortised cost.
• We have also checked that there have been no reclassifications of assets in the current period.</td></tr>
</table>

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment of loans and advances to customers

Charge: ₹ 1,448.85 Lakh for year ended 31 March 2019
Provision: ₹ 3,599.93 Lakh as at 31 March 2019</td></tr>
<tr><td colspan="2">Refer to the accounting policies in the standalone financial statements: ‘Impairment of financial assets’, Note 3.6 to the standalone financial statements: Significant Accounting Policies - ‘Impairment of financial assets’ and Note 7 to the standalone financial statements: ‘Loans (At FVOCI)’</td></tr>
<tr><td>Subjective estimate

Recognition and measurement of impairment of loans and advances involve significant management judgement.

With the applicability of Ind AS 109 credit loss assessment is now based on expected credit loss (‘ECL’) model. The Company’s impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.

The most significant areas are:
• Segmentation of loan book
• Loan staging criteria
• Calculation of probability of default / Loss given default
• Consideration of probability weighted scenarios and forward looking macro-economic factors

There is a large increase in the data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.</td><td>Our audit procedures included:

Design / controls
• Evaluation of the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice.
• Understanding management’s new / revised processes, systems and controls implemented in relation to impairment allowance process.
• Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.
• We used our modelling specialist to test the model methodology and reasonableness of assumptions used.
• Testing of management review controls over measurement of impairment allowances and disclosures in the standalone financial statements.

Substantive tests
• We focused on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model.
• Performed test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.
• Model calculations were tested through re-performance where possible.
• Appropriateness of management’s judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used, loss emergence periods and the valuation of recovery assets and collateral.
• Evaluated the adequacy of the disclosures including disclosure on key assumptions, judgments and sensitivities.</td></tr>
</table>

Other Information

The Company’s management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Company’s annual report, but does not include the standalone financial statements and our auditor’s report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and the Board of Directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the standalone financial statements, management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the standalone financial statements in place and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The comparative financial information of the Company for the year ended 31 March 2018 and the transition date opening balance sheet as at 1 April 2017 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statement prepared in accordance with the accounting principles generally accepted in India, including the Accounting standards specified under Section 133 of the Act, audited by the predecessor auditor whose report for the year ended 31 March 2018 and 31 March 2017 dated 9 May 2018 and 17 May 2017 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the difference in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. 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 the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditor's Report under section 197 (16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No: 113327

Ahmedabad
8 May 2019

Annexure 'A'

to the Independent Auditor's report on the standalone financial statements of MAS Financial Services Limited for the year 31 March 2019

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

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified every year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, all property, plant and equipment were physically verified by management during the year. No material discrepancies were noticed upon such verification.

(c) According to the information and explanations given to us and the records examined by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

ii. The Company is a non-banking finance company and does not hold any inventories. Accordingly reporting under clause (ii) of the Order is not applicable.

iii. According to the information and explanation given to us, the Company has granted unsecured loans to two companies covered in the register maintained under Section 189 of the Companies Act, 2013 (the 'Act').

(a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

(b) The Company has stipulated schedule of repayment of principal and payment of interest and repayment of principal amount and receipt of interest is regular.

(c) There is no overdue amount in respect of the aforesaid loans.

iv. According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under Section 185 of the Act and has complied with the provisions of Section 186 (1) of the Act. The Company being a NBFC, nothing contained in Section 186 is applicable, except subsection (1) of that section.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder apply. Accordingly, the provision of clause 3(v) of the Order is not applicable to the Company.

vi. According the information and explanation 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. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it to the appropriate authorities though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs, duty of excise and value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, service tax and goods and service tax which have not been deposited with the appropriate authorities on account of any dispute except as below:

Name of Statute	Nature of dues	Period to which the amount relates	Amount disputed (₹ in Lakh)	Amount unpaid (₹ in Lakh)	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax	AY 2011-12	24.94	19.95	Deputy commissioner of Income tax
Income-tax Act, 1961	Income-tax	AY 2016- 17	64.36	51.49	Additional commissioner of Income tax

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 or dues to debenture holders. There are no loans or borrowings from government.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) in current year. In our opinion and according to the information and explanations given to us, term loans have been applied for the purposes for which they were raised.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, there are no material fraud by the Company or any 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 for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No: 113327

Ahmedabad
8 May 2019

Annexure 'B'

to the Independent Auditor's report on the standalone financial statements of MAS Financial Services Limited for the year 31 March 2019

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to the standalone financial statements of MAS Financial Services Limited (the 'Company') as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the standalone financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to the standalone financial statements 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 (the 'ICAI').

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as the 'Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the standalone financial statements.

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 with reference to the standalone financial statements were established and maintained and whether 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 with reference to the standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the standalone financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 with reference to the standalone financial statements.

Meaning of Internal Financial controls with Reference to the Financial Statements

A company's internal financial controls with reference to the financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the financial statements include 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 the 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 with Reference to the Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to the standalone financial statements, 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 with reference to the standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to the standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No: 113327

Ahmedabad
8 May 2019

Standalone Balance Sheet

as at 31 March 2019

(₹ in Lakhs)

	Note no.	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	5	35,577.06	3,795.95	3,585.75
Bank balance other than cash and cash equivalents	6	1,278.75	1,021.66	844.58
Loans	7	321,853.69	254,628.00	193,421.26
Investments	8	2,227.05	1,336.54	1,328.97
Other financial assets	9	3,411.10	2,924.49	1,903.34
Total financial assets		**364,347.65**	**263,706.64**	**201,083.90**
Non-financial assets				
Income tax assets (net)		95.16	172.04	172.04
Deferred tax assets (net)	27	-	-	42.48
Property, plant and equipment	10(a)	5,704.64	5,636.66	703.06
Capital work-in-progress		0.71	-	-
Other intangible assets	10(b)	10.95	17.40	13.16
Other non-financial assets	11	196.05	235.57	674.46
Total non-financial asset		**6,007.51**	**6,061.67**	**1,605.20**
Total assets		**370,355.16**	**269,768.31**	**202,689.10**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		553.36	321.95	255.88
(II) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
Debt securities	12	5,981.78	5,974.41	15,440.40
Borrowings (other than debt securities)	13	195,982.99	122,517.72	105,464.04
Subordinated liabilities	14	-	-	13,363.24
Other financial liabilities	15	72,419.32	60,216.46	50,059.22
Total financial liabilities		**274,937.45**	**189,030.54**	**184,582.78**
Non-financial liabilities				
Current tax liabilities (net)	27	1,621.04	565.95	304.62
Provisions	16	15.84	75.57	62.43
Deferred tax liabilities (net)	27	860.55	1,267.20	-
Other non-financial liabilities	17	1,938.58	1,442.99	384.37
Total non-financial liabilities		**4,436.01**	**3,351.71**	**751.42**
Total liabilities		**279,373.46**	**192,382.25**	**185,334.20**
EQUITY				
Equity share capital	18	5,466.20	5,466.20	4,295.62
Other equity	19	85,515.50	71,919.86	13,059.28
Total equity		**90,981.70**	**77,386.06**	**17,354.90**
Total liabilities and equity		**370,355.16**	**269,768.31**	**202,689.10**

See accompanying notes to the financial statements

In terms of our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

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

Nirav Patel
Partner
Membership No: 113327

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

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

Riddhi B. Bhayani
(Company Secretary & Compliance Officer)
(Membership No: A41206)

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

Ahmedabad
8 May 2019

Ahmedabad
8 May 2019

Standalone Statement of Profit and Loss

for the year ended 31 March 2019

(₹ in Lakhs)

		Note no.	Year ended 31 March 2019	Year ended 31 March 2018
I.	**Revenue from operations**			
	Interest income	20	46,452.03	35,935.41
	Gain on assignment of financial assets		9,414.46	8,005.67
	Fees and commission income		1,366.85	1,128.09
	Total revenue from operations		**57,233.34**	**45,069.17**
	Other income	21	24.68	20.45
	Total income		**57,258.02**	**45,089.62**
II.	**Expenses**			
	Finance costs	22	20,665.07	17,047.14
	Fees and commission expense		404.35	506.03
	Impairment on financial assets	23	5,452.73	4,275.05
	Employee benefits expenses	24	4,714.63	3,796.71
	Depreciation and amortization	25	128.70	120.24
	Others expenses	26	2,499.59	2,828.73
	Total expenses		**33,865.07**	**28,573.90**
	Profit before exceptional items and tax (I - II)		**23,392.95**	**16,515.72**
	Exceptional items		-	-
III.	**Profit before tax**		**23,392.95**	**16,515.72**
IV.	**Tax expense:**			
	Current tax	27	8,226.41	5,727.00
	Short / (excess) provision for tax relating to prior years		8.93	(0.12)
	Net current tax expense		**8,235.34**	**5,726.88**
	Deferred tax (credit) / charge	27	(53.90)	445.69
	Net tax expense		**8,181.44**	**6,172.57**
V.	**Profit for the year (III - IV)**		**15,211.51**	**10,343.15**
VI.	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss:			
	Remeasurement of the defined benefit liabilities		(14.62)	-
	Income tax impact on above		5.11	-
	Net gain on equity instruments measured through other comprehensive income		(1.10)	0.77
	Income tax impact on above		0.38	(0.27)
	Total (A)		**(10.23)**	**0.50**
	(B) Items that will be reclassified to profit or loss:			
	Loans and advances through other comprehensive Income		(993.77)	2,471.74
	Income tax relating to items that will be reclassified to profit or loss		347.26	(863.72)
	Total (B)		**(646.51)**	**1,608.02**
	Other comprehensive income (A+B)		**(656.74)**	**1,608.52**
VII.	**Total comprehensive income (V + VI)**		**14,554.77**	**11,951.67**
VIII.	**Earnings per equity share (of ₹ 10 each):**	**28**		
	Basic (₹)		27.83	21.42
	Diluted (₹)		27.83	21.42

See accompanying notes to the financial statements

In terms of our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

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

Nirav Patel
Partner
Membership No: 113327

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

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

Riddhi B. Bhayani
(Company Secretary & Compliance Officer)
(Membership No: A41206)
Ahmedabad
8 May 2019

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

Ahmedabad
8 May 2019

Standalone Statement of changes in Equity

for the year ended 31 March 2019

(A) Equity share capital

(₹ in Lakhs)

Equity Share of ₹ 10 each issued, subscribed and fully paid	
Balance at 1 April 2017	**4,295.62**
Changes in equity share capital during the year	1,170.58
Balance at 31 March 2018	**5,466.20**
Changes in equity share capital during the year	-
Balance at 31 March 2019	**5,466.20**

(B) Other equity

	Reserves and surplus			Other comprehensive income			Total
	Reserve u/s. 45-IA of RBI Act, 1934	Securities premium	Retained earnings	Equity instruments through OCI	Remeasurement of defined benefit liabilities	Loans and advances through OCI	
Balance at 1 April 2017	**5,847.97**	**9,636.73**	**(4,017.83)**	**-**	**-**	**1,592.41**	**13,059.28**
Profit for the year	-	-	10,343.15	-	-	-	10,343.15
Other comprehensive income (net of taxes)	-	-	-	0.50	-	2,166.69	2,167.19
Interim dividend on equity shares including dividend distribution tax ("DDT")	-	-	(986.88)	-	-	-	(986.88)
Transfer to reserve u/s. 45-IA of RBI Act, 1934	2,067.48	-	(2,067.48)	-	-	-	-
Additions during the year in securities premium	-	35,450.61	-	-	-	-	35,450.61
Utilised for initial public offer expenses	-	(2,399.91)	-	-	-	-	(2,399.91)
Conversion of convertible instruments measured at amortised cost	-	-	14,286.42	-	-	-	14,286.42
Balance at 31 March 2018	**7,915.45**	**42,687.43**	**17,557.38**	**0.50**	**-**	**3,759.10**	**71,919.86**
Profit for the year	-	-	15,211.51	-	-	-	15,211.51
Other comprehensive income (net of taxes)	-	-	-	(0.72)	(9.51)	802.34	792.11
Interim dividend on equity shares including DDT	-	-	(986.88)	-	-	-	(986.88)
Final dividend on equity shares including DDT	-	-	(1,421.10)	-	-	-	(1,421.10)
Transfer to reserve u/s. 45-IA of the RBI Act, 1934	3,042.30	-	(3,042.30)	-	-	-	-
Balance at 31 March 2019	**10,957.75**	**42,687.43**	**27,318.61**	**(0.22)**	**(9.51)**	**4,561.44**	**85,515.50**

In terms of our report of even date attached
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For and on behalf of the Board of Directors of MAS Financial Services Ltd.

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8 May 2019

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

Ahmedabad
8 May 2019

Standalone Statement of Cash Flows

for the year ended 31 March 2019

(₹ in Lakhs)

		Year ended 31 March 2019		Year ended 31 March 2018	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net profit before tax		23,392.95		16,515.72
	Adjustments for :				
	Depreciation and amortisation	128.70		120.24	
	Finance cost	20,665.07		17,047.14	
	Provision for impairment on financial assets	1,448.85		558.67	
	Loss assets written off (net)	4,003.88		3,716.38	
	(Profit) / loss on sale of property, plant and equipment	(1.76)		0.37	
	Loss on sale of repossessed assets	200.44		184.97	
	Dividend distribution tax on preference dividend	-		8.57	
	Interest income	(44,425.83)		(34,742.38)	
	Interest income from investments and deposits	(654.11)		(150.92)	
	Interest income received in advance	(19.61)		(6.57)	
	Financial guarantee commission income	(13.50)		(26.19)	
	Dividend income	(2.59)		(5.39)	
	IPO discount on shares issued to employees of subsidiary	-		(6.80)	
	Net gain on equity instruments measured through other comprehensive income	(1.10)		0.77	
			(18,671.56)		**(13,301.14)**
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**4,721.39**		**3,214.58**
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Loans and advances	(72,223.34)		(62,451.38)	
	Deposits given as collateral	296.92		(306.03)	
	Bank balance other than cash and cash equivalents	(989.22)		(14.95)	
	Other non-financial asset	(175.54)		40.00	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	231.41		66.07	
	Security deposits from borrowers	7,458.79		8,784.66	
	Other financial and non-financial liabilities	4,791.11		1,825.13	
	Provisions	(60.20)	**(60,670.07)**	13.14	**(52,043.36)**
	CASH GENERATED FROM / (USED IN) OPERATIONS		**(55,948.68)**		**(48,828.78)**
	Interest income received	43,531.92		34,089.11	
	Finance cost paid	(20,458.38)		(16,400.01)	
	Income tax paid (net)	(7,103.37)	**15,970.17**	(5,465.55)	**12,223.55**
	CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)		**(39,978.51)**		**(36,605.23)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Capital expenditure on property, plant and equipments and intangible assets, including capital advances	(192.93)		(4,844.66)	
	Proceeds from sale of property, plant and equipments and intangible assets	3.75		0.13	
	Bank deposits not considered as cash and cash equivalents	732.13		(162.13)	
	Interest income from investments and deposits	764.49		89.07	
	Investment in shares of subsidiary	(900.00)		-	
	Purchase of investments	-		(0.77)	
	Dividend received	2.59		5.39	
	Proceeds from redemption of investments	9.96		-	
	CASH FLOW (USED IN) INVESTING ACTIVITIES (B)		**419.99**		**(4,912.97)**

Standalone Statement of Cash Flows

for the year ended 31 march 2019

(₹ in Lakhs)

		Year ended 31 March 2019		Year ended 31 March 2018	
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from issue of shares (net)	-		28,071.01	
	Shares issue expenses	-		(2,399.91)	
	Proceeds from debt securities and borrowings	67,490.00		18,696.98	
	Repayments of borrowings	(21,522.21)		(18,052.75)	
	Net increase / (decrease) in working capital borrowings	27,779.82		16,408.52	
	Dividends paid including dividend distribution tax	(2,407.98)		(995.45)	
	CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)		**71,339.63**		**41,728.40**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)			**31,781.11**		**210.20**
Cash and cash equivalents at the beginning of the year			**3,795.95**		**3,585.75**
Cash and cash equivalents at the end of the year (refer note 1 below)			**35,577.06**		**3,795.95**

Notes:

1 **Cash and bank balances at the end of the year comprises:**

	As at 31 March 2019	As at 31 March 2018
(a) Cash on hand	14.46	12.93
(b) Balances with banks	26,912.60	3,783.02
Total	26,927.06	3,795.95
Bank deposits with original maturity of 3 months or less	8,650.00	-
Cash and cash equivalents as per the balance sheet	**35,577.06**	**3,795.95**

2 The above cash flow statement has been prepared under the "indirect method" as set out in the Ind AS - 7 on statement of cash flows specified under section 133 of the Companies Act, 2013.

3 **Non-cash financing and investing activities:**
During the previous year, the convertible instruments were converted into equity shares of the Company. Refer Note 18.3 for non cash financing and investing activities of the Company.

4 **Change in liabilities arising from financing activities**

	1 April 2018	Cash flows	Non-cash changes*	31 March 2019
Debt securities	5,974.41	-	7.37	5,981.78
Borrowings other than debt securities	122,517.72	73,747.61	(282.34)	195,982.99
Total liabilities from financing activities	**128,492.13**	**73,747.61**	**(274.97)**	**201,964.77**

* Non-cash changes includes the effect of recording financial liability at amortized cost, amortization of processing fees etc.

See accompanying notes to the financial statement

In terms of our report of even date attached
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Chartered Accountants
Firm's Registration No: 101248W/W-100022

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

Ahmedabad
8 May 2019

Ahmedabad
8 May 2019

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019

1. CORPORATE INFORMATION

MAS Financial Services Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It is registered as a non deposit taking non-banking finance Company ("NBFC") with Reserve Bank of India ("RBI"). The Company is engaged in the business of providing Micro Enterprise loans ("MEL"), Small and Medium Enterprise loans ("SME"), Two Wheeler loans ("TW"), Commercial Vehicle loans ("CV") and loans to NBFCs - to create the underlying assets of MEL, SME, TW and CV. Its shares are listed on two recognised stock exchanges in India i.e. BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The Company's registered office is at 6, Ground Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad-380009, Gujarat, India.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

For all periods up to and including the year ended 31 March 2018, the Company had prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These standalone financial statements for the year ended 31 March 2019 are the Company's first financial statements prepared in accordance with Ind AS.

2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Loans and investment in equity instruments at fair value through other comprehensive income ("FVOCI") and

ii) Defined benefit plans - plan assets

2.3 Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest lakhs, except when otherwise indicated.

2.4 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.9 and note 43.

ii) Effective interest rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.17.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

2.5 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 41.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

i) The normal course of business

ii) The event of default

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

3.2 Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.9), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost

ii) FVOCI

iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

i) Financial assets carried at amortised cost ("AC")

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at FVOCI

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

iii) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset which is not classified in any of the above categories are measured at FVTPL.

iv) Investment in subsidiaries

The Company has accounted for its investments in subsidiaries at cost.

v) Other equity investments

All other equity investments are measured at fair value, with value changes recognised in other comprehensive income ("OCI").

B. Financial liability

i) Initial recognition and measurement

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2019 and 31 March 2018.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

B. Derecognition of financial assets other than due to substantial modification

i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

As per the guidelines of RBI, the company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continue to recognise the portion retained by it as MRR.

ii) **Financial liability**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL.

Expected credit losses are measured through a loss allowance at an amount equal to:

i.) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii.) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest

LGD Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Notes

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

ii) Lending interest rates

iii) Deposit interest rates

3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

- Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

- Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 (I) Recognition of other income

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

A. Dividend income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

B. Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fees and commission income

Fees and commission income such as stamp and document charges, guarantee commission, service income etc. are recognised on point in time basis.

3.9 (II) Recognition of other expense

A. Borrowing costs

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 Cash and cash equivalents

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.

3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE 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 PPE 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.

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives as specified under schedule II of the Act. Land is not depreciated.

The estimated useful lives are, as follows:

i) Buildings - 60 years

ii) Office equipment - 3 to 10 years

iii) Furniture and fixtures - 10 years

iv) Vehicles - 8 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

3.12 Intangible assets

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

3.13 Impairment of non financial assets - property, plant and equipments and intangible assets

The carrying values of assets / cash generating units at the 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.

3.14 Leasing

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

Company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

3.15 Corporate guarantees

Corporate guarantees are initially recognised in the standalone financial statements (within "other non-financial liabilities") at fair value, being the notional commission. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss. The notional commission is recognised in the statement of profit and loss under the head fees and commission income on a straight line basis over the life of the guarantee.

3.16 Retirement and other 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

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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.

3.17 Provisions, contingent liabilities and contingent assets

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

B. Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

C. Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised not disclosed in the financial statements.

3.18 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. 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.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

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.

C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.19 Earnings per share

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary 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. 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, right issue and bonus shares, as appropriate.

3.20 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from 1 April 2019:

Ind AS 116 - Leases

Ind AS 116 - Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under Ind AS 116 is similar to existing Ind AS 17 accounting.

The Company will adopt Ind AS - 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

The following changes to lessee accounting may have a material impact as follows:

- Right-of-use assets will be recorded for assets that are leased by the Company; currently no lease assets are included on the Company's financial statements.
- Liabilities will be recorded for future lease payments in the Company's financial statement.
- Lease expenses will be for depreciation of right-of-use assets and interest on lease liabilities. Interest will typically be higher in the early stages of a lease and reduce over the term. Currently operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.
- Operating lease cash flows are currently included within operating cash flows in the standalone statement of cash flows.

Under Ind AS - 116, these will be recorded as cash flows from financing activities reflecting the repayment of lease liabilities (borrowings) and related interest.

The Company has operating lease agreements for taking office premises along with furniture and fixtures as applicable and godown premises on rental basis ranging from 11 to 60 months wherein the Company is a lessee.

For leases other than short-term leases, the Company will recognise right-of-use asset of ₹ 221.33 lakhs and lease liability of ₹ 235.45 lakhs on 1 April 2019 with the cumulative effect of applying the standard by adjusting retained earnings net of taxes. There will be consequent reclassification in the cash flow categories in the statement of cash flows.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an Company shall recognise the income tax consequences of dividends in the statement of profit or loss, other comprehensive income or equity according to where the Company originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the Company pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the Company has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the Company is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) Company has to consider the probability of the relevant taxation authority accepting the tax treatment

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment features with negative compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan amendment, curtailment or settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE 5. CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash on hand	14.46	12.93	12.83
Balances with banks:			
In current / cash credit accounts	26,912.60	3,783.02	3,572.92
Bank deposits with original maturity of 3 months or less	8,650.00	-	-
Total cash and cash equivalents	**35,577.06**	**3,795.95**	**3,585.75**

NOTE 6. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
In current accounts (Refer note below)	1,050.00	61.27	46.32
Unpaid dividend bank balances	0.49	* 0.00	-
In fixed deposit accounts:			
Deposits given as security against borrowings and other commitments	228.26	960.39	798.26
Total bank balance other than cash and cash equivalents	**1,278.75**	**1,021.66**	**844.58**

* ₹145.00 Unpaid dividend bank balances

Note: Balance represents balance with banks in earmarked account i.e. "collection and payout account".

NOTE 7. LOANS (AT FVOCI)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(A) Term loans	321,853.69	254,628.00	193,421.26
(B) (i) Secured by tangible assets	217,910.66	182,369.71	136,625.75
(ii) Unsecured	103,943.03	72,258.29	56,795.51
Total (B)	**321,853.69**	**254,628.00**	**193,421.26**
(C) (I) Loans in India			
(i) Public sector	-	-	-
(ii) Private sector	321,853.69	254,628.00	193,421.26
Total (C)-Gross	**321,853.69**	**254,628.00**	**193,421.26**
(C) (II) Loans outside India	-	-	-
Total C(I) and C(II)	**321,853.69**	**254,628.00**	**193,421.26**
Notes:			
1. Secured exposures are exposures secured wholly or partly by hypothecation of assets and/or undertaking to create a security.			
2. The Company has advanced loans to its officer. Principal amount of such loans outstanding is:	-	-	2.51
3. Refer Note No. 34(b) for loans to Company in which directors are interested.			

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE 7.1 AN ANALYSIS OF CHANGES IN THE GROSS CARRYING AMOUNT AND THE CORRESPONDING ECL ALLOWANCES

(₹ In Lakhs)

	31 March 2019				31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**244,584.23**	**7,708.58**	**4,746.91**	**257,039.72**	**185,852.01**	**5,790.57**	**3,537.13**	**195,179.71**
Assets derecognised or repaid (excluding write offs)	187,693.68	4,862.05	1,250.40	193,806.13	165,361.44	3,918.89	1,000.96	170,281.29
Transfers from Stage 1	(6,410.18)	3,912.70	2,497.48	-	(4,472.95)	1,844.62	2,628.33	-
Transfers from Stage 2	599.02	(1,353.04)	754.02	-	53.18	(392.04)	338.86	-
Transfers from Stage 3	6.48	8.28	(14.76)	-	16.16	47.18	(63.34)	-
Amounts written off	936.79	1,135.73	3,148.46	5,220.98	2,964.51	1,308.58	2,251.52	6,524.61
New assets originated*	258,270.80	5,881.10	2,994.81	267,146.71	231,461.78	5,645.72	1,558.41	238,665.91
Gross carrying amount closing balance	**308,419.88**	**10,159.84**	**6,579.60**	**325,159.32**	**244,584.23**	**7,708.58**	**4,746.91**	**257,039.72**

* New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

NOTE 7.2 RECONCILIATION OF ECL BALANCE IS GIVEN BELOW:

(₹ In Lakhs)

	31 March 2019				31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**767.54**	**918.97**	**464.57**	**2,151.08**	**531.20**	**587.64**	**473.57**	**1,592.41**
Addition during the year	1,096.95	840.28	1,510.96	3,448.19	794.38	836.10	396.03	2,026.51
Reversal during the year	(755.40)	(622.83)	(621.11)	(1,999.34)	(558.04)	(504.77)	(405.03)	(1,467.84)
ECL allowance - closing balance	**1,109.09**	**1,136.42**	**1,354.42**	**3,599.93**	**767.54**	**918.97**	**464.57**	**2,151.08**

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 5,220.98 lakh at 31 March 2019 (31 March 2018 : ₹ 6,524.61 Lakh).

Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk.

NOTE 8 INVESTMENTS

(₹ In Lakhs)

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	At fair value through OCI	Others**	Total	At fair value through OCI	Others**	Total	At fair value through OCI	Others*	Total
	(1)	(2)	(3=1+2)	(4)	(5)	(6=4+5)	(7)	(8)	(9=7+8)
Investments									
Equity instruments	-	-	-	9.96	-	9.96	9.19	-	9.19
Subsidiary #	-	2,227.05	2,227.05	-	1,327.05	1,327.05	-	1320.25	1,320.25
Total – Gross (A)	**-**	**2,227.05**	**2,227.05**	**9.96**	**1327.05**	**1337.01**	**9.19**	**1320.25**	**1329.44**
(i) Investments outside India	-	-	-	-	-	-	-	-	-
(ii) Investments in India	-	2,227.05	2,227.05	9.96	1327.05	1,337.01	9.19	1320.25	1,329.44
Total (B)	**-**	**2,227.05**	**2,227.05**	**9.96**	**1327.05**	**1337.01**	**9.19**	**1320.25**	**1329.44**
Less: Allowance for Impairment Loss (C)	-	-	-	0.47	-	0.47	0.47	-	0.47
Total – Net D= (A)-(C)	**-**	**2,227.05**	**2,227.05**	**9.49**	**1327.05**	**1336.54**	**8.72**	**1320.25**	**1328.97**

* For the investment in subsidiary entity, the Company has opted for the exemption provided in para D15(b)(ii) of Ind AS 101 and accordingly the same has been measured at previous GAAP carrying amount i.e. at cost at the transition date.

** As per para 10 of Ind AS 27, the Company has opted to value the investments in subsidiary entity at cost.

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

\# **Investment in subsidiary**

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Investment in shares of subsidiary	1,975.00	1,075.00	1,075.00
Investment in subsidiary on account of:			
Corporate financial guarantee given to bank on behalf of subsidiary	245.25	245.25	245.25
Issuance of equity shares to the employees of subsidiary at discount	6.80	6.80	-
Total	**2,227.05**	**1,327.05**	**1,320.25**

NOTE 9. OTHER FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Security deposits	56.88	353.80	47.77
Interest accrued but not due on loans and advances	3,305.63	2,411.72	1,758.45
Interest accrued but not due on bank deposits	48.59	158.97	97.12
Total other financial assets	**3,411.10**	**2,924.49**	**1,903.34**

NOTE 10. PROPERTY, PLANT AND EQUIPMENTS AND INTANGIBLE ASSETS

(₹ In Lakhs)

Nature of assets	Property, plant and equipment (a)						Intangible assets (b)	
	Freehold land	Buildings	Office equipment	Furniture and fixtures	Vehicles	Total	Software	Total
Deemed cost								
At 1 April 2017	**-**	**305.76**	**158.75**	**102.06**	**136.49**	**703.06**	**13.16**	**13.16**
Additions	4,530.51	356.31	73.23	86.94	-	5,046.99	11.59	11.59
Disposals	-	-	10.08	-	-	10.08	-	-
At 31 March 2018	**4,530.51**	**662.07**	**221.90**	**189.00**	**136.49**	**5,739.97**	**24.75**	**24.75**
Additions	33.21	6.13	58.74	46.80	45.32	190.20	2.02	2.02
Disposals	-	-	11.35	-	11.00	22.35	-	-
At 31 March 2019	**4,563.72**	**668.20**	**269.29**	**235.80**	**170.81**	**5,907.82**	**26.77**	**26.77**
Depreciation/Amortisation								
At 1 April 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation/amortization charge	-	9.12	55.95	26.37	21.45	112.89	7.35	7.35
Disposal	-	-	9.58	-	-	9.58	-	-
At 31 March 2018	**-**	**9.12**	**46.37**	**26.37**	**21.45**	**103.31**	**7.35**	**7.35**
Depreciation/amortization charge	-	11.37	61.47	22.89	24.50	120.23	8.47	8.47
Disposal	-	-	11.28	-	9.08	20.36	-	-
At 31 March 2019	**-**	**20.49**	**96.56**	**49.26**	**36.87**	**203.18**	**15.82**	**15.82**
Net block value:								
At 1 April 2017	**-**	**305.76**	**158.75**	**102.06**	**136.49**	**703.06**	**13.16**	**13.16**
At 31 March 2018	**4,530.51**	**652.95**	**175.53**	**162.63**	**115.04**	**5,636.66**	**17.40**	**17.40**
At 31 March 2019	**4,563.72**	**647.71**	**172.73**	**186.54**	**133.94**	**5,704.64**	**10.95**	**10.95**

Note:

At 31 March 2019, capitalised borrowing costs related to the acquisition of land amounted to ₹ 32.56 lakhs. Borrowing costs are capitalised using rates based on specific borrowing rate i.e. 9.15% to 9.35%.

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE 11. OTHER NON-FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Prepaid expenses	6.84	9.61	325.96
Advances to employees	12.48	13.92	14.94
Re-possessed assets	136.91	106.75	101.46
Balance with Government Authorities	-	66.47	-
Capital advances	-	-	213.92
Gratuity fund [Refer note 42(B)]	17.23	33.05	6.44
Other advances	22.59	5.77	11.74
Total	**196.05**	**235.57**	**674.46**

NOTE 12. DEBT SECURITIES (At Amortised Cost)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Unsecured debentures (refer note no. 13.1)			
- Nil (31 March 2019, 31 March 2018)			
4998 (1 April 2017), 13.00% Compulsorily Convertible Debentures of ₹1,00,000 each	-	-	9,473.36
- 400, 14.00% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	4,000.00	4,000.00	4,000.00
- 200, 13.50% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	2,000.00	2,000.00	2,000.00
Less: Unamortised borrowing costs	(18.22)	(25.59)	(32.96)
Total	**5,981.78**	**5,974.41**	**15,440.40**
Debt securities in India	5,981.78	5,974.41	5,967.04
Debt securities outside India	-	-	9,473.36
Total	**5,981.78**	**5,974.41**	**15,440.40**

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE 13. BORROWINGS (OTHER THAN DEBT SECURITIES) (At Amortised Cost)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(a) Term loans (refer note no. 13.1)			
(i) from banks	50,489.37	24,950.85	22,866.20
(ii) from other parties (financial institutions)	25,003.86	4,574.59	6,015.01
(b) Loans repayable on demand from banks - cash credit	43,478.04	18,698.22	8,889.70
(c) Short term loans			
(i) from banks	77,500.00	73,500.00	67,900.00
(ii) from other parties (financial institutions)	-	1,000.00	-
Less: Unamortised borrowing costs	(488.28)	(205.94)	(206.87)
Total	**195,982.99**	**122,517.72**	**105,464.04**
Borrowings in India	195,982.99	122,517.72	105,464.04
Borrowings outside India	-	-	-
Total	**195,982.99**	**122,517.72**	**105,464.04**

Note: Cash credit / short term loans from banks are secured by hypothecation of movable assets of the Company and goods covered under hypothecation ("HP") agreements / Loan cum HP 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/financial institutions 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.

The Company has not defaulted in repayment of borrowings and interest.

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE 13.1 DETAILS OF TERMS OF REDEMPTION/REPAYMENT AND SECURITY PROVIDED IN RESPECT OF DEBT SECURITIES AND BORROWINGS:

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Terms of redemption/ repayment	Security
Debentures					
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each	4,000.00	4,000.00	4,000.00	Coupon Rate: 13.00% 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	2,000.00	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 and 6 months	N.A.
Total debentures	**6,000.00**	**6,000.00**	**6,000.00**		
Term loans from banks					
Term Loan - 1	6,000.00	-	-	Repayable in 10 Quarterly installments from 5 December 2018.	Secured by a first charge on hypothecation of present and future loan receivables.
Term Loan - 2	625.00	1,125.00	1,625.00	Repayable in 20 Quarterly installments from 30 September 2015.	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	675.00	975.00	Repayable in 20 Quarterly installments from 30 September 2015.	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	2,600.00	3,400.00	Repayable in 20 Quarterly installments from 30 September 2016.	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	1,896.48	3,623.22	3,500.00	Repayable in 36 monthly installments from 7 April 2017.	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed .

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Terms of redemption/ repayment	Security
Term Loan - 6	4,007.58	-	-	Repayable in 36 monthly installments from 7 August 2018.	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed .
Term Loan - 7	4,135.07	-	-	Repayable in 36 monthly installments from 7 September 2018.	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed .
Term Loan - 8	2,460.08	-	-	Repayable in 96 monthly installments from 7 April 2018.	First and exclusive charge on land, property and commercial property under construction.
Term Loan - 9	1,875.00	-	-	Repayable in 36 monthly installments from 31 July 2018.	First and exclusive charge by way of hypothecation on the company's book debts and loan installments receivables.
Term Loan - 10	2,046.62	-	-	Repayable in 30 monthly installments from 27 October 2018.	Secured by a first and exclusive charge on specific book debt and future receivables of the company created/to be created out of the loan availed .
Term Loan - 11	7,500.00	-	-	Repayable in 36 monthly installments from 30 April 2019.	First exclusive charge of present and future book debts and receivables of the company.
Term Loan - 12	10,000.00	-	-	Repayable in 11 Quarterly installments from 1 July 2019.	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.
Term Loan - 13	5,000.00	7,500.00	-	Repayable in 16 Quarterly installments from 30 June 2017.	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 - 14	1,180.55	2,013.89	-	Repayable in 36 monthly installments from 1 September 2017.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 15	1,555.56	-	-	Repayable in 36 monthly installments from 1 August 2018.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 16	-	416.50	1,249.90	Repayable in 6 half yearly installments from 30 December 2015.	Secured by exclusive charge on specific standard assets portfolio of receivables of the Company.
Term Loan - 17	-	-	1,225.15	Repayable in 36 monthly installments from 7 February 2015.	Secured by a first ranking and exclusive charge on standard receivables of the Company created out of the loan availed.
Term Loan - 18	-	1,562.39	3,277.25	Repayable in 36 monthly installments from 7 February 2016.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 19	-	-	333.33	Repayable in 36 monthly installments from 30 April 2015.	Secured by a charge on all the present and future book debts, Out standings, Money receivables, Claims and Bills, which are due and owing or which may any time during the continuance of the security become due and owing to the Company in the course of its business. Personal Guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Terms of redemption/ repayment	Security
Term Loan - 20	-	166.67	666.67	Repayable in 36 monthly installments from 31 August 2015.	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 - 21	-	347.22	1,180.56	Repayable in 36 monthly installments from 14 September 2015.	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 - 22	-	666.67	1,333.33	Repayable in 36 monthly installments from 30 April 2016.	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 - 23	-	180.49	545.77	Repayable in 11 Quarterly installments from 31 March 2016.	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 - 24	-	180.97	545.80	Repayable in 11 Quarterly installments from 30 June 2016.	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 - 25	-	298.59	900.58	Repayable in 11 Quarterly installments from 30 September 2016.	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 - 26	-	881.00	2,045.00	Repayable in 12 Quarterly installments from 30 March 2016.	Secured by exclusive charge on receivables of the company created out of the loan availed
Term Loan - 27	-	2,697.00	-	Repayable in 96 monthly installments from 7 April 2018.	Secured by mortgage on land and building
Vehicle Loans - 28	32.43	14.38	55.52	Repayable in 36 monthly installments from 5 July 2018.	Secured by hypothecation of the vehicle financed.
Vehicle Loans - 29	-	1.86	7.34	Repayable in 36 monthly installments from 5 July 2018.	Secured by hypothecation of the vehicle financed.
Total term loans from banks	**50,489.37**	**24,950.85**	**22,866.20**		
Term loans from others					
Term Loans from a Financial Institution - 1	3,352.23	-	-	Repayable in 36 monthly installments from 15 March 2019.	Exclusive charge by way of hypothecation of specific standard receivable of the company.

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Terms of redemption/ repayment	Security
Term Loans from a Financial Institution - 2	2,000.00	-	-	Repayable in 12 Quarterly installments from 30 April 2019.	Exclusive charge by way of hypothecation of specific standard receivable of the company.
Term Loans from a Financial Institution - 3	4,875.45	-	-	Repayable in 36 monthly installments from 10 March 2019.	Secured by hypothecation of specific book debts created out of the loan availed.
Term Loans from a Financial Institution - 4	4,094.36	-	-	Repayable in 10 Quarterly installments from 18 December 2018.	Exclusive hypothecation charge over receivables/loan assets/ book debts of the company.
Term Loans from a Financial Institution - 5	181.82	909.09	1,636.36	Repayable in 11 quarterly installments from 31 December 2016.	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	1,800.00	-	Repayable in 10 quarterly installments from 31 March 2018.	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	4,500.00	-	-	Repayable in 10 quarterly installments from 31 March 2019.	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 - 8	5,000.00	-	-	Repayable in 36 monthly installments from 30 April 2019.	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 - 9	-	-	194.38	Repayable in 36 monthly installments from 15 November 2014.	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 10	-	-	333.33	Repayable in 36 monthly installments from 15 April 2015.	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 11	-	-	100.01	Repayable in 36 monthly installments from 15 April 2015.	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 12	-	333.35	666.68	Repayable in 36 monthly installments from 15 April 2016.	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 13	-	166.69	333.34	Repayable in 36 monthly installments from 15 April 2016.	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 14	-	820.00	1,660.00	Repayable in 36 monthly installments from 10 April 2016.	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 - 15	-	545.46	1,090.91	Repayable in 11 quarterly installments from 30 September 2016.	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	**25,003.86**	**4,574.59**	**6,015.01**		

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE 14. SUBORDINATED LIABILITIES (At Amortised Cost)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Preference shares other than those that qualify as equity			
2,17,35,545, 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹10 each	-	-	6,481.62
2,17,35,545, 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹10 each	-	-	6,481.62
400, 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹100,000 each	-	-	400.00
Total	**-**	**-**	**13,363.24**
Subordinated liabilities in India	-	-	400.00
Subordinated liabilities outside India	-	-	12,963.24
Total	**-**	**-**	**13,363.24**

NOTE 14.1 TERMS / RIGHTS ATTACHED TO PREFERENCE SHARES

Compulsorily Convertible Cumulative Preference Shares (CCCPS)

(a) 2,17,35,545 CCCPS of the face value of ₹ 10 each carry a right from 17 February 2014 to be paid a fixed cumulative preferential dividend at the rate of 0.01% per annum. These CCCPS were automatically and fully convertible into equity shares, at a conversion price to be determined as per the terms of the agreement, upon the expiry of a period of 13 years from the date of final issuance of these CCCPs i.e. from 13 October 2008. Subsequent to execution of the agreement, on 23 March 2017, the Company had revised conversion terms of the original agreement through "Amendment and Termination Agreement to the Shareholders' Agreement dated 29 January 2014" pursuant to which these CCCPS were converted into equity shares at a price determined as per the agreement.

(b) 2,17,35,545 CCCPS of the face value of ₹ 10 each carry a right from 17 February 2014 to be paid a fixed cumulative preferential dividend at the rate of 13.31% per annum. These CCCPS were automatically and fully convertible into equity shares, at a conversion price to be determined as per the terms of the agreement, upon the expiry of a period of 7 years from the effective date i.e. from 17 February 2014. Subsequent to execution of agreement, on 23 March 2017, the Company had revised conversion terms of the original agreement through "Amendment and Termination Agreement to the Shareholders' Agreement dated 29 January 2014" pursuant to which these CCCPS were converted into equity shares at a price determined as per the agreement.

(c) 400 CCCPS of the face value of ₹ 100,000 each carry a right from 13 May 2016 to be paid fixed cumulative preferential dividend at the rate of 9.75% per annum. These CCCPS were automatically and fully convertible into equity shares, at a conversion price of ₹ 1,685 (Rupees one thousand six hundred and eighty five only) per equity share at the end of 10 years, provided however that, the price of these equity shares were subject to the terms and conditions of their issue and the valuation of the Company at the time of conversion of such CCCPS. Under the terms and conditions of issue the Company had right to convert the CCCPS into equity shares during in their tenure from the 5th till the 10th year from the issue date. As per the terms and conditions of the issue, the investors had a Put option to convert the CCCPS into equity shares. These shares were converted into equity shares as per above terms.

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE 14.2 DETAILS OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES:

Class of shares / Name of shareholder	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
0.01% Compulsorily Convertible Cumulative Preference Shares						
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	-	-	-	-	21,735,545	100.00%
13.31% Compulsorily Convertible Cumulative Preference Shares						
Sarva Capital LLC (formerly known as Lok Capital II LLC)	-	-	-	-	21,735,545	100.00%
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%

NOTE 15. OTHER FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Interest accrued but not due on borrowings	773.60	884.52	744.24
Interest accrued but not due on others	3,078.89	2,486.31	1,987.76
Dues to the assignees towards collections from assigned receivables	17,544.63	12,995.87	11,218.26
Security deposits received from borrowers	50,878.81	43,849.76	36,108.96
Unpaid dividend on equity shares	0.49	* 0.00	-
Dealer advances	142.90	-	-
Total other financial liabilities	**72,419.32**	**60,216.46**	**50,059.22**

* ₹145.00 Unpaid dividend on equity shares

NOTE 16. PROVISIONS

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for employee benefits			
Compensated absences	15.84	75.57	62.43
Total provisions	**15.84**	**75.57**	**62.43**

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE 17. OTHER NON-FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Statutory remittances	474.92	375.96	328.44
Financial guarantee liability	16.24	29.74	55.93
Interest income received in advance	1,447.42	1,037.29	-
Total other non-financial liabilities	**1,938.58**	**1,442.99**	**384.37**

NOTE 18. EQUTIY SHARE CAPITAL

(₹ In Lakhs)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorized shares:				
64,000,000	Equity Shares of ₹ 10 each (As at 31 March 2018: 6,40,00,000 Equity Shares of ₹ 10 each) (As at 1 April 2017: 6,40,00,000 Equity Shares of ₹ 10 each)	6,400.00	6,400.00	6,400.00
22,000,000	0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2018: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) (As at 1 April 2017: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00	2,200.00
22,000,000	13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2018: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) (As at 1 April 2017: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00	2,200.00
400	9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each (As at 31 March 2018: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each) (As at 1 April 2017: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each)	400.00	400.00	400.00
		11,200.00	**11,200.00**	**11,200.00**
Issued, subscribed and fully paid-up shares:				
54,662,043	Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2018: 5,46,62,043 Equity Shares of ₹ 10 each) (As at 1 April 2017: 4,29,56,182 Equity Shares of ₹ 10 each)	5,466.20	5,466.20	4,295.62
		5,466.20	**5,466.20**	**4,295.62**

NOTE 18.1 RECONCILIATION OF THE NUMBER OF SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING YEAR:

(₹ In Lakhs)

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Equity Shares						
Outstanding at the beginning of the year	54,662,043	5,466.20	42,956,182	4,295.62	42,956,182	4,295.62
Issued during the year (Refer Note No. 18.2 and 18.3)	-	-	11,705,861	1,170.58	-	-
Outstanding at the end of the year	**54,662,043**	**5,466.20**	**54,662,043**	**5,466.20**	**42,956,182**	**4,295.62**

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE 18.2 ISSUE OF SHARE CAPITAL

(a) Pursuant to the private placement offer letter (the "Offer Document") dated 30 March 2017, the Company had allotted 10,34,553 number of equity shares on 19 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 had raised total of ₹ 13,500.00 lakhs towards private placement offer letter.

(b) Pursuant to the Initial Public Offering (the "IPO"), the Company had allotted 50,92,829 equity shares of ₹ 10 each as fresh issue of equity shares. Out of which, 169,082 equity shares were allotted to eligible employees at premium of ₹ 404.00 per share and balance 49,23,747 equity shares were allotted to public at premium of ₹ 449.00 per share.

(c) Pursuant to the conversion of various compulsorily convertible instruments as mentioned in Note 18.3 below, the Company had 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 during the IPO.

NOTE 18.3 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 per equity share on 12 September 2017;

(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 per equity share on 12 September 2017;

(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 per equity share on 12 September 2017; and

(d) 13% Compulsorily Convertible Debentures were converted into 24,70,175 equity shares having face value of ₹ 10 each at a premium of ₹ 192.33 per equity share on 21 September 2017.

NOTE 18.4 DETAILS OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES:

Class of shares / Name of shareholder	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares held	% holding in that class of shares	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	6,264,081	11.46%	6,264,081	11.46%	6,242,818	14.53%
Shweta Kamlesh Gandhi	16,338,450	29.89%	16,338,450	29.89%	16,338,450	38.04%
Mukesh C. Gandhi	16,155,814	29.56%	16,151,664	29.55%	16,110,450	37.50%
M/s. Motilal Oswal Financial Services Limited	-	-	-	-	2,364,695	5.51%
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund	-	-	2,853,993	5.22%	-	-
Vistra ITCL I Ltd Business Excellence Trust III India Business	3,990,422	7.30%	3,990,422	7.30%	-	-

NOTE 18.5 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 the year ended 31 March 2014.

(b) 2,40,00,188 equity shares of ₹ 10 each fully paid-up were allotted as bonus shares by capitalisation of general reserve and balance from the statement of profit and loss during the year ended 31 March 2017.

NOTE 18.6 TERMS / RIGHTS ATTACHED TO EQUITY SHARES

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE 19. OTHER EQUITY (Refer Note 19.1)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018
Reserve u/s. 45-IA of RBI Act, 1934		
Outstanding at the beginning of the year	7,915.45	5,847.97
Additions during the year	3,042.30	2,067.48
Outstanding at the end of the year	**10,957.75**	**7,915.45**
Securities premium		
Outstanding at the beginning of the year	42,687.43	9,636.73
Additions during the year	-	35,450.61
Less: Utilised for initial public offer expenses	-	(2,399.91)
Outstanding at the end of the year	**42,687.43**	**42,687.43**
Surplus in the statement of profit and loss		
Outstanding at the beginning of the year	17,557.38	(4,017.83)
Add: Profit for the year	15,211.51	10,343.15
	32,768.89	**6,325.32**
Less : Appropriations:		
Transfer to reserve u/s. 45-IA of RBI Act,1934	(3,042.30)	(2,067.48)
Final dividend on equity shares	(1,180.70)	-
Interim dividend on equity shares	(819.93)	(819.93)
DDT on equity dividend	(407.35)	(166.95)
Interim dividend on preference shares including DDT	-	-
Conversion of convertible instruments measured at amortised cost	-	14,286.42
Total appropriations	**(5,450.28)**	**11,232.06**
Net surplus in the statement of profit and loss	**27,318.61**	**17,557.38**
Other comprehensive income		
Outstanding at the beginning of the year	3,759.60	1,592.41
Remeasurement of the defined benefit liabilities	(14.62)	-
Equity instruments through other comprehensive income	(1.10)	0.77
Loans and advances through other comprehensive Income	(993.77)	2,471.74
Impairment on loans and advances through OCI	1,448.85	558.67
Income tax relating to items that will not be reclassified to profit or loss	5.49	(0.27)
Income tax relating to items that will be reclassified to profit or loss	347.26	(863.72)
Other comprehensive income for the year, net of tax	4,551.71	3,759.60
Total other equity	**85,515.50**	**71,919.86**

Notes

Forming Part of the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE 19.1 NATURE AND PURPOSE OF RESERVE

1 **Reserve u/s. 45-IA of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934")**

Reserve u/s. 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 **Securities premium**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

3 **Surplus in the statement of profit and loss**

Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

4 **FVOCI equity investments**

The Company has elected to recognise changes in the fair value of investments in equity securities (other than investment in subsidiary) in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity.

5 **FVOCI - loans and advances**

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity.

6 **Remeasurement of the defined benefit liabilities**

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

NOTE 19.2 EQUITY DIVIDEND PAID AND PROPOSED

(₹ In Lakhs)

	31 March 2019	31 March 2018
Declared and paid during the year		
Dividends on equity shares:		
Final dividend for 31 March 2018: ₹ 2.16 per share (31 March 2017 : Nil per share)	1,180.70	-
Interim dividend for 31 March 2019: ₹ 1.5 per share (31 March 2018 : ₹ 1.5 per share)	819.93	819.93
Total dividends paid	**2,000.63**	**819.93**

	31 March 2019	31 March 2018
Proposed for approval at Annual General Meeting (not recognised as a liability)		
Dividend on equity shares:		
Final dividend for 31 March 2019: ₹ 3.60 per share (31 March 2018: ₹ 2.16 per share)	1,967.83	1,180.70
DDT on proposed dividend	404.49	240.39

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 20. INTEREST INCOME

(₹ In Lakhs)

	Year ended 31 March 2019			Year ended 31 March 2018		
	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	Total	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	Total
Interest on loans	44,425.83	-	44,425.83	34,742.38	-	34,742.38
Interest on deposits with banks	-	654.11	654.11	-	150.92	150.92
Other interest income	498.68	873.41	1,372.09	391.85	650.26	1,042.11
Total	**44,924.51**	**1,527.52**	**46,452.03**	**35,134.23**	**801.18**	**35,935.41**

NOTE 21. OTHER INCOME

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Rental income	13.35	12.00
Net gain/(loss) on derecognition of property, plant and equipment	1.76	(0.37)
Dividend income	2.59	5.39
Income from non-financing activity	6.98	3.43
Total	**24.68**	**20.45**

NOTE 22. FINANCE COST (On financial liabilities measured at amortised cost)

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Interest on borrowings	14,524.52	10,585.54
Interest on debt securities	796.68	1,392.43
Interest on subordinated liabilities	-	42.09
Other interest expense	4,327.99	4,318.83
Other borrowing cost	1,015.88	708.25
Total	**20,665.07**	**17,047.14**

NOTE 23. IMPAIRMENT ON FINANCIAL ASSETS (On financial assets measured at FVOCI)

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Loans		
- Expected credit loss	1,448.85	558.67
- Write off (net of recoveries)	4,003.88	3,716.38
Total	**5,452.73**	**4,275.05**

Note: The disclosure requirements of splitting the loss allowance between “individually” and “collectively” assessed allowances as per Ind AS 107 is not applicable to the Company as it has determined loss allowances on collective basis only.

NOTE 24. EMPLOYEE BENEFITS EXPENSE

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	4,485.01	3,538.99
Contribution to provident fund	149.45	118.30
Gratuity expense	36.59	33.99
Staff welfare expenses	43.58	36.14
Others	-	69.29
Total	**4,714.63**	**3,796.71**

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 25. DEPRECIATION AND AMORTISATION

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment	120.23	112.89
Amortisation of intangible assets	8.47	7.35
Total	**128.70**	**120.24**

NOTE 26. OTHER EXPENSES

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Rent (Refer note no. 32)	177.35	166.75
Rates and taxes	8.71	18.93
Stationery and printing	78.57	71.21
Telephone	67.16	81.53
Electricity	68.29	60.00
Postage and courier	81.34	71.73
Insurance	123.08	100.02
Conveyance	194.99	190.29
Travelling	263.26	248.32
Repairs and maintenance:		
Building	28.04	29.99
Others	110.66	128.56
Professional fees	520.06	569.27
Payment to auditors (Refer note below)	48.38	47.37
Director's sitting fees	4.04	6.93
Legal expenses	25.66	32.54
Bank charges	39.86	81.46
Advertisement expenses	162.51	310.17
Loss on sale of repossessed assets (net)	200.44	184.97
Sales promotion expenses	51.21	89.17
Donation	0.15	0.05
Recovery contract charges	90.25	205.09
Dividend distribution tax on preference dividend	-	8.57
Corporate social responsibility expenditure (Refer note no. 31)	25.87	7.62
Miscellaneous expenses	129.71	118.19
Total	**2,499.59**	**2,828.73**
Note: Payment to auditors (including taxes)		
As auditor		
Statutory audit	22.42	18.00
Limited review of quarterly results	24.78	22.03
Other services	-	7.24
Reimbursements of expenses	1.18	0.10
	48.38	**47.37**

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 27. TAX EXPENSES

The components of income tax expense for the years ended 31 March 2019 and 2018 are:

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Current tax	8,226.41	5,727.00
Adjustment in respect of current income tax of prior years	8.93	(0.12)
Deferred tax	(53.90)	445.69
Total tax charge	**8,181.44**	**6,172.57**
Current tax	8,235.34	5726.88
Deferred tax	(53.90)	445.69

NOTE 27.1 RECONCILIATION OF THE TOTAL TAX CHARGE

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2019 and 2018 is, as follows:

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Accounting profit before tax	23,392.95	16,515.72
Applicable tax rate	34.944%	34.608%
Computed tax expense	**8,174.43**	**5,715.76**
Tax effect of :		
Exempted income	(9.71)	(12.17)
Non deductible items	9.63	461.52
Adjustment on account of change in tax rate	-	12.18
Others	7.09	(4.72)
Tax expenses recognised in the statement of profit and loss	**8,181.44**	**6,172.57**
Effective tax rate	34.974%	37.374%

NOTE 27.2 DEFERRED TAX

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018
Deferred tax asset / liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	(1,267.20)	42.48
Credit / (charge) for loans and advances through OCI	347.26	(863.72)
Credit / (charge) for equity instruments through OCI	0.38	(0.27)
Credit / (charge) for remeasurement of the defined benefit liabilities	5.11	-
Credit / (charge) to the statement of profit and loss	53.90	(445.69)
At the end of year DTA / (DTL) (net)	**(860.55)**	**(1,267.20)**

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(₹ In Lakhs)

	As at 31 March 2018	Statement of profit and loss	OCI	As at 31 March 2019
Component of deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between written down value of fixed assets as per books of accounts and income tax	(32.98)	(8.45)	-	(41.43)
Deferred tax on fair value of investments	(5.45)	2.69	0.38	(2.38)
Impact of fair value of assets	(286.77)	-	347.26	60.50
Income taxable on realised basis	(1,694.53)	(426.53)	-	(2,121.06)
Deferred tax on prepaid finance charges	(25.55)	5.87	-	(19.68)
Impairment on financial assets	751.67	506.30	-	1,257.96
Expenses allowable on payment basis	26.41	(25.98)	5.11	5.54
Total	**(1,267.20)**	**53.90**	**352.75**	**(860.55)**

(₹ In Lakhs)

	As at 1 April 2017	Statement of profit and loss	OCI	As at 31 March 2018
Component of deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between written down value of fixed assets as per books of accounts and income tax	(23.96)	(9.02)	-	(32.98)
Deferred tax on fair value of investments	(2.77)	(2.41)	(0.27)	(5.45)
Impact of fair value of assets	571.41	5.54	(863.72)	(286.77)
Income taxable on realised basis	(1,063.37)	(631.16)	-	(1,694.53)
Deferred tax on prepaid finance charges	(11.54)	(14.01)	-	(25.55)
Impairment on financial assets	551.10	200.57	-	751.67
Expenses allowable on payment basis	21.61	4.80	-	26.41
Total	**42.48**	**(445.69)**	**(863.99)**	**(1,267.20)**

NOTE 27.3 CURRENT TAX LIABILITIES

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for tax [net of advance tax of ₹ 6,614.30 lakhs (31 March 2018 ₹ 5,161.04 lakhs and 1 April 2017 ₹ 3,407.23 lakhs)]	1,621.04	565.95	304.62

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 28. EARNINGS PER SHARE

(₹ In Lakhs)

		Year ended 31 March 2019	Year ended 31 March 2018
(A)	**Basic earnings per share**		
	Computation of profit (numerator)		
	Net profit for the year	15,211.51	10,343.15
	Add: Savings in interest of Compulsorily Convertible Debentures (net of taxes)	-	212.57
	Net profit for the year attributable to equity shareholders (basic)	**15,211.51**	**10,555.72**
	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	54,662,043	49,280,936
	Basic earnings per share of face value of ₹ 10 each (in ₹)	27.83	21.42
(B)	**Diluted earnings per share**		
	Profit attributable to equity shareholders (diluted) (numerator)	**15,211.51**	**10,555.72**
	Computation of weighted average number of shares (denominator)	**Nos.**	**Nos.**
	Weighted average number of equity shares as above	54,662,043	49,280,936
	Diluted earnings per share of face value of ₹ 10 each (in ₹)	27.83	21.42

NOTE 29. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

(₹ In Lakhs)

		As at 31 March 2019	As at 31 March 2018
(A)	**Contingent liabilities**		
	I) Guarantees given on behalf of subsidiary company : (Refer note i)		
	a) To banks		
	Amount of guarantees ₹ 6,300 lakhs (31 March 2018: ₹ 7,000 lakhs)		
	Amount of loans outstanding	1,017.56	1,859.82
	b) To National Housing Bank (“NHB”)		
	Amount of guarantees ₹ 200 lakhs (31 March 2018: ₹ 1,200 lakhs)		
	Amount of loan outstanding	312.01	759.18
	II) Guarantees given to NSE: (Refer note ii)	-	160.04
(B)	**Commitments**		
	I) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
	Property, plant and equipment	20.08	-
	II) Loan commitments for sanctioned but not disbursed amount	4,000.00	2,237.50

Notes:

i) Guarantees are given by the Company to various banks and NHB on behalf of the subsidiary company for the loan taken and accordingly, the same has been shown as contingent liability.

ii) During the previous year, the Company has given bank guarantee to NSE amounting to ₹ 160.04 lakhs as a security deposits in connection with its IPO and accordingly, the same has been shown as contingent liability.

iii) There are numerous interpretative issues relating to the Supreme Court (“SC”) judgement dated 28 February 2019, relating to components / allowances paid that need to be taken into account while computing an employer’s contribution of provident fund (“PF”) under the Employees’ Provident Funds and Miscellaneous Provisions Act,1952. The Company is in process of evaluating the method of computation of its PF contribution prospectively and would record any further effect in its financial statements, on receiving additional clarity on the subject.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 30. The Company has incurred expenditure of ₹ 2,399.91 lakhs during the year ended 31 March 2018 and ₹ 2,766.99 lakhs (net of recovery from selling shareholders ₹ 832.50 lakhs) as at 31 March 2018 respectively towards private placement of equity shares, IPO and offer for sale ("OFS"). The Company has adjusted the expenses incurred to the securities premium account.

NOTE 31. CORPORATE SOCIAL RESPONSIBILITY ("CSR") EXPENSES:

The gross amount required to be spent by the Company during the year towards CSR is ₹ 228.52 lakhs (31 March 2018: ₹ 161.92 lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below:

(₹ In Lakhs)

			In cash	Yet to be paid in cash	Total
(i)	Construction / acquisition of any assets		-	-	-
		(31 March 2018)	-	-	-
(ii)	On purposes other than (i) above		25.87	-	25.87
		(31 March 2018)	7.62	-	7.62

NOTE 32. LEASING ARRANGEMENTS

(a) Operating lease commitments – as lessee

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. It has recognised lease payments amounting to ₹ 177.35 lakhs and ₹ 166.75 lakhs for the year ended 31 March 2019 and 2018 respectively in the statement of profit and loss. The Company has given refundable, interest free security deposits under certain agreements. Certain agreements contain provision for renewal and further there are no sub-leases. The future minimum lease payments under non-cancellable operating leases are as follows:

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Within one year	16.60	12.21
After one year but not more than five years	1.14	22.01
More than five years	-	-
Total	**17.74**	**34.22**

(b) Operating lease commitments – as lessor

The Company has let out portions of office premises along with furniture and fixtures and other amenities on operating lease to its subsidiary MAS Rural Housing & Mortgage Finance Limited. It has recognised lease rental income amounting to ₹ 13.35 Lakhs and ₹ 12.00 Lakhs for the year ended 31 March 2019 and 2018 respectively in the statement of profit and loss.

NOTE 33. SEGMENT REPORTING:

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 34. RELATED PARTY DISCLOSURES:

(a) Related party disclosures as required by Ind AS 24 - 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 and managing director)
		Mr. Mukesh C. Gandhi (Whole time director and chief financial officer)
		Mrs. Darshana S. Pandya (Director and chief operating officer)
		Mr. Bala Bhaskaran (Independent director)
		Mr. Umesh Shah (Independent director)
		Mr. Chetanbhai Shah (Independent director)
		Mrs. Daksha Shah (Independent director) (w.e.f. 14 March 2019)
3	Other related parties	Swalamb Mass Financial Services Limited
		Anamaya Capital LLP
		Kamlesh C. Gandhi (HUF)
		Prarthna Marketing Private Limited
		Mrs. Shweta K. Gandhi
		Mrs. Urmilaben C. Gandhi (till 20 July 2018)
		Mr. Dhvanil K. Gandhi
		Mr. Saumil D. Pandya

Transactions with related parties are as follows:

(₹ In Lakhs)

	Year ended 31 March 2019			
	Subsidiary	Key management personnel	Other related parties	Total
Rent income	13.35	-	-	13.35
Recovery contract charges received:	2.40	-	-	2.40
Expenditure reimbursed by	32.59	-	-	32.59
Remittances of collection received on behalf of	53.31	-	-	53.31
Remuneration (including bonus)	-	1,468.25	54.75	1,523.00
Dividend received	2.58	-	-	2.58
Dividend paid	-	821.03	646.97	1,468.00
Investment	900.00	-	-	900.00
Sitting fees	-	3.70	-	3.70

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

(₹ In Lakhs)

	Year ended 31 March 2018			
	Subsidiary	Key management personnel	Other related parties	Total
Rent income	12.00	-	-	12.00
Recovery contract charges received	2.40	-	-	2.40
Expenditure reimbursed by	26.60	-	-	26.60
Remittances of collection received on behalf of	9.41	-	-	9.41
Remuneration (including bonus)	-	1,541.24	42.09	1,583.33
Dividend received	5.38	-	-	5.38
Dividend paid	-	335.32	264.67	599.99
Investment	6.80	-	-	6.80
Sitting fees	-	6.45	-	6.45

Balances outstanding from related parties are as follows:

(₹ In Lakhs)

	As at 31 March 2019			
	Subsidiary	Key management personnel	Other related parties	Total
Loans and advances given	-	-	-	-
Bonus payable	-	159.57	1.57	161.14
Investment	2,227.05	-	-	2,227.05
Guarantees outstanding	1,329.57	-	-	1,329.57

(₹ In Lakhs)

	As at 31 March 2018			
	Subsidiary	Key management personnel	Other related parties	Total
Loans and advances given	-	-	-	-
Bonus payable	-	62.71	1.40	64.11
Investment	1,327.05	-	-	1,327.05
Guarantees outstanding	2,619.00	-	-	2,619.00

(₹ In Lakhs)

	As at 1 April 2017			
	Subsidiary	Key management personnel	Other related parties	Total
Loans and advances given	-	-	2.51	2.51
Bonus payable	-	48.74	1.16	49.90
Investment	1,320.25	-	-	1,320.25
Guarantees outstanding	3,750.34	-	-	3,750.34

All transactions with these related parties are priced on an arm's length basis. None of the balances is secured.

Key managerial personnel who are under the employment of the Company are entitled to post employment benefits and other employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

Transactions with key management personnel are as follows:

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Post-employment benefits	27.71	2.31
Other long term employment benefits	14.04	-
	41.75	**2.31**

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

(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 March 2019	Maximum balance out-standing during the year ended 31 March 2019	As at 31 March 2018	Maximum balance out-standing during the year ended 31 March 2018	As at 1 April 2017
1	Paras Capfin Company Private Limited	-	857.75	1,105.56	1,139.31	326.54
2	M Power Micro Finance Private Limited	500.00	3,350.97	4,791.67	4,876.79	396.29

* The director interested in Paras Capfin Company Private Limited redeem his holding as on 11 May 2018 and hence, the disclosures made are of amount outstanding as on 11 May 2018 and maximum balance outstanding up to that date.

NOTE 35. Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Principal amount payable to suppliers as at year-end	-	-	-
Interest due thereon as at year end	-	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates	-	-	-
Amount of delayed payment actually made to suppliers during the year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-	-
Interest accrued and remaining unpaid at the end of the year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-	-

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 36. During the previous year, pursuant to initial public offering ("IPO") and offer for sale, the Company had issued 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 of the Company and its subsidiary at premium of ₹ 404.00 per share and balance 49,23,747 equity shares were allotted to public at premium of ₹ 449.00 per share.

(ii) 49,46,448 equity shares of ₹ 10 each were offered for sale by the existing shareholders at premium of ₹ 449.00 per share.

NOTE 37. Disclosures required in terms of Annexure XIV of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 (updated as on 22 February 2019) "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below:

NOTE 37.1 CAPITAL

(₹ In Lakhs)

		As at 31 March 2019	As at 31 March 2018
i)	CRAR (%)	29.13	31.89
ii)	CRAR - Tier I capital (%)	27.40	29.46
iii)	CRAR - Tier II capital (%)	1.73	2.44
iv)	Amount of subordinated debt raised as Tier-II capital (refer note below)	3,200.00	4,400.00
v)	Amount raised by issue of perpetual debt instruments	-	-

Note: These instruments are designated as debt.

NOTE 37.2 INVESTMENTS

(₹ In Lakhs)

				As at 31 March 2019	As at 31 March 2018
1.	**Value of investments**				
	(i)	Gross value of investments			
		(a)	In India	2,227.05	1,337.01
		(b)	Outside India	-	-
	(ii)	Provisions for depreciation			
		(a)	In India	-	0.47
		(b)	Outside India	-	-
	(iii)	Net value of investments			
		(a)	In India	2,227.05	1,336.54
		(b)	Outside India	-	-
2.	**Movement of provisions held towards depreciation on investments.**				
	(i)	Opening balance		-	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

NOTE 37.3 DERIVATIVES

The Company has not entered into any derivative transactions and hence the disclosure required has not been made.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 37.4 DISCLOSURES RELATING TO SECURITISATION

The Company sells loans through 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 21 August 2012 is as under:

(a) For Securitization Transaction

(₹ In Lakhs)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1	No of SPVs sponsored by the company for securitization transactions	Nil	Nil	Nil
2	Total amount of securitised assets as per books of the SPVs sponsored by the Company	Nil	Nil	Nil
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	Nil
	• Others	Nil	Nil	Nil
	b) On-balance sheet exposures			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
4	Amount of exposures to securitization transactions other than MRR			
	a) Off-balance sheet exposures			
	i) Exposure to own securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	ii) Exposure to third party securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	b) On-balance sheet exposures			
	i) Exposure to own securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	ii) Exposure to third party securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 37.4 DISCLOSURES RELATING TO SECURITISATION (Continued)

(b) For Assignment Transaction

(₹ In Lakhs)

Sr. No.	Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1	No of SPVs sponsored by the company for assignment transactions	N.A.	N.A.	N.A.
2	Total amount of assigned assets as per books of the Company (excluding accrued interest)	225,663.65	170,454.73	130,538.91
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	Nil
	• Others	Nil	Nil	Nil
	b) On-balance sheet exposures			
	• First loss	Nil	Nil	Nil
	• Others	22,792.44	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	Nil
	• Others	Nil	Nil	Nil
	ii) Exposure to third party assignments			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	b) On-balance sheet exposures			
	i) Exposure to own assignments			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	ii) Exposure to third party assignments			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	Dues to assignees towards collections from assigned receivables	17,544.63	12,995.87	11,218.26

NOTE 37.5 DETAILS OF FINANCIAL ASSETS SOLD TO SECURITISATION / RECONSTRUCTION COMPANY FOR ASSET RECONSTRUCTION

The Company has not sold financial assets to securitisation / reconstruction Company for asset reconstruction during the year (previous year Nil)

NOTE 37.6 DETAILS OF ASSIGNMENT TRANSACTIONS UNDERTAKEN BY NBFCs

(₹ In Lakhs)

		As at 31 March 2019	As at 31 March 2018
(i)	No. of accounts	207,023	159,047
(ii)	Aggregate value (net of provisions) of accounts sold	228,341.30	179,365.48
(iii)	Aggregate consideration	228,341.30	179,365.48
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 37.7 DETAILS OF NON-PERFORMING FINANCIAL ASSETS PURCHASED / SOLD.

The Company has not purchased or sold non-performing financial assets during the year (previous year Nil).

NOTE 37.8 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	86.63	0.03	0.02	0.12	0.37	1.36	-	0.25	88.78
Advances	32,720.15	13,729.01	14,652.24	41,071.47	75,844.77	116,928.41	19,121.96	7,785.69	321,853.69
Investments	-	-	-	-	-	-	-	2,227.05	2,227.05
Borrowings	1,628.13	1,268.67	4,190.58	7,856.22	136,751.86	46,269.31	4,000.00	-	201,964.77
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

NOTE 37.9 EXPOSURE TO REAL ESTATE SECTOR

(₹ In Lakhs)

Category	As at 31 March 2019	As at 31 March 2018
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 lakhs 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

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 37.10 EXPOSURE TO CAPITAL MARKET

		As at 31 March 2019	As at 31 March 2018
(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;	2,227.05	1,337.01
(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		**2,227.05**	**1,336.54**

NOTE 37.11 DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

Not applicable

NOTE 37.12 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 NBFC:

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 NBFC:

Nil

NOTE 37.13 UNSECURED ADVANCES

a) Refer Note no. 7(B)(ii) to the financial statements.

b) The Company has not granted any advances against intangible securities (31 March 2018: Nil).

NOTE 37.14 REGISTRATION NUMBER OBTAINED FROM RBI:

B. 01. 00241

NOTE 37.15 DISCLOSURE OF PENALTIES IMPOSED BY RBI AND OTHER REGULATORS

During the financial year ended 31 March 2019, no penalties have been imposed by RBI and other regulators (31 March 2018: Nil).

NOTE 37.16 RELATED PARTY TRANSACTIONS

Refer Note no. 34 to the financial statements.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 37.17 RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

By Acuite Ratings & Research:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	₹ 320000.00 lakhs	ACUITE AA- (Stable)	No migration of rating
Commercial paper issue	₹ 30000.00 lakhs	ACUITE A1+	No migration of rating

By India Ratings:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	₹ 300000.00 lakhs	IND A (Stable)	No migration of rating

By ICRA:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	₹ 750.00 lakhs	ICRA A (stable)	No migration of rating
Subordinate debt	₹ 6000.00 lakhs	ICRA A (stable)	No migration of rating

By Care Ratings:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	₹ 290000.00 lakhs	CARE A+ (Stable)	No migration of rating
Short term bank facilities	₹ 10000.00 lakhs	CARE A1+	No migration of rating
Commercial paper programme	₹ 25000.00 lakhs	CARE A1+	No migration of rating

NOTE 37.18 REMUNERATION OF DIRECTORS

Refer Note no. 34 to the financial statements.

NOTE 37.19 MANAGEMENT

The annual report has a detailed chapter on Management Discussion and Analysis.

NOTE 37.20 NET PROFIT OF LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGE IN ACCOUNTING POLICIES

There are no such material items which require disclosures in the notes to account in terms of the relevant Ind AS.

NOTE 37.21 REVENUE RECOGNITION

Refer note no. 3.1 to the financial statements.

NOTE 37.22 IND AS 110 - CONSOLIDATED FINANCIAL STATEMENTS (CFS)

All the subsidiaries of the Company have been consolidated as per Ind AS 110. Refer consolidated financial statements (CFS).

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 37.23 PROVISIONS AND CONTINGENCIES

The information on all provisions and contingencies is as under:

(₹ In Lakhs)

Break up of 'provisions and contingencies' shown under the head expenditure in the statement of profit and loss	As at 31 March 2019	As at 31 March 2018
Provision for depreciation on investment	-	-
Provision towards impaired assets (Stage3)	889.85	(9.00)
Provision made towards income tax	8,235.34	5,726.88
Provision towards impaired assets (Stage1 and 2)	559.00	567.67
Provision for employee benefits	(59.73)	13.14

NOTE 37.24 DRAW DOWN FROM RESERVES

	As at 31 March 2019	As at 31 March 2018
Draw down from reserves	-	-

NOTE 37.25 CONCENTRATION OF DEPOSITS (FOR DEPOSIT TAKING NBFCS)

Not Applicable

NOTE 37.26 CONCENTRATION OF ADVANCES

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018
Total advances to twenty largest borrowers	82,109.17	66,233.34
Percentage of advances to twenty largest borrowers to total advances of the NBFC	25.61%	26.45%

NOTE 37.27 CONCENTRATION OF EXPOSURES

	As at 31 March 2019	As at 31 March 2018
Total exposure to twenty largest borrowers / customers	83,985.51	62,224.42
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	25.46%	26.87%

NOTE 37.28 CONCENTRATION OF STAGE 3 ASSETS

	As at 31 March 2019	As at 31 March 2018
Total exposure to top four Stage 3 accounts	305.44	528.07

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 37.29 SECTOR-WISE STAGE 3 ASSETS (GROSS)

Sector		% of Stage 3 assets to Total Advances in that sector as at 31 March 2019	% of Stage 3 assets to Total Advances in that sector as at 31 March 2018
(i)	Agriculture and allied activities	6.92	5.04
(ii)	MSME	5.15	3.18
(iii)	Corporate borrowers	0.04	0.27
(iv)	Services	4.69	3.43
(v)	Unsecured personal loans	5.31	7.67
(vi)	Auto loans	6.35	4.91
(vii)	Other personal loans	3.81	3.02

NOTE 37.30 MOVEMENT OF STAGE 3 ASSETS

(₹ In Lakhs)

			As at 31 March 2019	As at 31 March 2018
(i)	Net stage 3 assets to net advances (%)		1.62%	1.70%
(ii)	Movement of stage 3 assets (gross)			
	(a)	Opening balance	4,852.13	3,747.79
	(b)	Additions during the year	6,138.67	4,408.54
	(c)	Reductions during the year	4,368.29	3,304.20
	(d)	Closing balance	6,622.51	4,852.13
(iii)	Movement of net stage 3 assets			
	(a)	Opening balance	4,387.56	3,274.22
	(b)	Additions during the year	5,248.82	4,408.54
	(c)	Reductions during the year	4,368.29	3,313.20
	(d)	Closing balance	5,268.09	4,369.56
(iv)	Movement of provisions for stage 3 assets (excluding provisions on standard assets)			
	(a)	Opening balance	464.57	473.57
	(b)	Provisions made during the year	889.85	-
	(c)	Write-off / write-back of excess provisions	-	(9.00)
	(d)	Closing balance	1,354.42	464.57

NOTE 37.31 OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

Nil

NOTE 37.32 OFF-BALANCE SHEET SPVs SPONSORED (WHICH ARE REQUIRED TO BE CONSOLIDATED AS PER ACCOUNTING NORMS)

Nil

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 37.33 DISCLOSURE OF CUSTOMERS COMPLAINTS

		As at 31 March 2019	As at 31 March 2018
(a)	No. of complaints pending at the beginning of the year	1	2
(b)	No. of complaints received during the year	30	39
(c)	No. of complaints redressed during the year	29	40
(d)	No. of complaints pending at the end of the year	2	1

NOTE 38 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 are mentioned as below:

Liabilities side :

NOTE 38.1 LOANS AND ADVANCES AVAILED BY THE NBFCS INCLUSIVE OF INTEREST ACCRUED THEREON BUT NOT PAID

(₹ In Lakhs)

		Year ended 31 March 2019	
		Amount outstanding	Amount overdue
(a)	Debentures : Secured	Nil	Nil
	: Unsecured	6,010.36	Nil
	(other than falling within the meaning of Public deposits*)		
(b)	Deferred credits	Nil	Nil
(c)	Term loans	75,764.63	Nil
(d)	Inter-corporate loans and borrowing	Nil	Nil
(e)	Commercial paper	Nil	Nil
(f)	Other loans:		
	From banks		
	From a company	121,092.31	Nil
	Security deposits	Nil	Nil
	Advances received against loan agreements	53,957.69	Nil

*Please see note 1 below

NOTE 38.2 BREAK-UP OF (1)(F) ABOVE (OUTSTANDING PUBLIC DEPOSITS INCLUSIVE OF INTEREST ACCRUED THEREON BUT NOT PAID)

		Year ended 31 March 2019	
		Amount outstanding	Amount overdue
(a)	In the form of unsecured debentures	Nil	Nil
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
(c)	Other public deposits	Nil	Nil

*Please see note 1 below

Assets side:

NOTE 38.3 BREAK-UP OF LOANS AND ADVANCES INCLUDING BILLS RECEIVABLES (OTHER THAN THOSE INCLUDED IN (4) BELOW)

(₹ In Lakhs)

		Amount outstanding
(a)	Secured	221,101.80
(b)	Unsecured	100,751.89

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 38.4 BREAK UP OF LEASED ASSETS AND STOCK ON HIRE AND OTHER ASSETS COUNTING TOWARDS AFC ACTIVITIES

(₹ In Lakhs)

		Amount outstanding
(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

NOTE 38.5 BREAK-UP OF INVESTMENTS

(₹ In Lakhs)

			Amount outstanding
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	-
		(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	2,227.05
		(b) Preference	Nil
	(ii)	Debentures and bonds	Nil
	(iii)	Units of mutual funds	Nil
	(iv)	Government securities	Nil
	(v)	Others (please specify)	Nil

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 38.6 BORROWER GROUP-WISE CLASSIFICATION OF ASSETS FINANCED AS IN (3) AND (4) ABOVE:

Please see Note 2 below

Amount outstanding (₹ In Lakhs)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	221,101.80	100,751.89	321,853.69
Total	**221,101.80**	**100,751.89**	**321,853.69**

NOTE 38.7 INVESTOR GROUP-WISE CLASSIFICATION OF ALL INVESTMENTS (CURRENT AND LONG TERM) IN SHARES AND SECURITIES (BOTH QUOTED AND UNQUOTED) :

Please see note 3 below

Category	Market value / break up or fair value or NAV	Book value (net of provisions)
1. Related parties **		
(a) Subsidiaries (refer note below)	2,780.51	2,227.05
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	Nil	Nil
Total	**2,780.51**	**2,227.05**

** As per Ind AS issued by MCA (refer note 3 below)

Note: Subsidiary company being unlisted, value is derived based upon the net asset value as shown in the subsidiary company balance sheet as on 31 March 2019.

NOTE 38.8 OTHER INFORMATION

	Amount outstanding
(i) Gross non-performing assets	
(a) Related parties	Nil
(b) Other than related parties	6,622.51
(ii) Net non-performing assets	
(a) Related parties	Nil
(b) Other than related parties	5,268.09
(iii) Assets acquired in satisfaction of debt	136.91

Notes:

1. As defined in point xix of paragraph 3 of Chapter - 2 of these Directions.
2. Provisioning norms are applicable as prescribed in the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.
3. All Ind AS issued by MCA 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 (5) above.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 39 The Board of Directors recommended dividend of ₹ 3.60 per equity share of face value of ₹ 10 each, which is subject to approval by shareholders of the Company.

NOTE 40 OFFSETTING

Following table represents the recognised financial assets that are offset, or subject to enforceable master netting arrangements and other similar arrangements but not offset, as at 31 March 2019, 31 March 2018 and 1 April 2017. The column 'net amount' shows the impact of the Company's balance sheet if all the set-off rights were exercised.

(₹ In Lakhs)

	Effect of offsetting on the balance sheet			Related amount not offset		
	Gross amounts	Gross amount off set in balance sheet (refer note 1)	Net amount presented in balance sheet	Amount subject to master netting of arrangement	Financial instrument collateral (refer note 2 and 3)	Net amount
31 March 2019						
Loans and advances	323,521.95	1,668.26	321,853.69	-	51,076.36	270,777.33
31 March 2018						
Loans and advances	256,124.32	1,496.32	254,628.00	-	44,139.30	210,488.70
1 April 2017						
Loans and advances	194,237.10	815.84	193,421.26	-	36,421.41	156,999.85

Note:

1. ₹ 1,668.26 lakhs (31 March 2018: ₹ 1,496.32 lakhs, 1 April 2017: ₹ 815.84 lakhs) represents advances received against loan agreements.
2. ₹ 50,878.81 lakhs (31 March 2018: ₹ 43,849.76 lakhs, 1 April 2017: ₹ 36,108.96 lakhs) represents security deposits received from borrowers.
3. ₹ 197.55 lakhs (31 March 2018: ₹ 289.54 lakhs, 1 April 2017: ₹ 312.45 lakhs) represents deposits given as security against borrowings.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 41 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ In Lakhs)

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	35,577.06	-	35,577.06	3,795.95	-	3,795.95	3,585.75	-	3,585.75
Bank balance other than above	1,278.75	-	1,278.75	780.28	241.38	1,021.66	81.80	762.78	844.58
Loans	178,017.64	143,836.05	321,853.69	133,967.57	120,660.43	254,628.00	117,205.45	76,215.81	193,421.26
Investments	-	2,227.05	2,227.05	-	1,336.54	1,336.54	-	1,328.97	1,328.97
Other financial assets	3,329.90	81.20	3,411.10	2,841.40	83.09	2,924.49	1,770.02	133.32	1,903.34
Non-financial assets									
Income tax assets (Net)	95.16	-	95.16	172.04	-	172.04	172.04	-	172.04
Deferred tax Assets (Net)	-	-	-	-	-	-	-	42.48	42.48
Property, plant and equipment	-	5,704.64	5,704.64	-	5,636.66	5,636.66	-	703.06	703.06
Capital work-in-progress	-	0.71	0.71	-	-	-	-	-	-
Other Intangible assets	-	10.95	10.95	-	17.40	17.40	-	13.16	13.16
Other non-financial assets	196.05	-	196.05	208.54	27.03	235.57	460.54	213.92	674.46
Total assets	**218,494.56**	**151,860.60**	**370,355.16**	**141,765.78**	**128,002.53**	**269,768.31**	**123,275.60**	**79,413.50**	**202,689.10**
LIABILITIES									
Financial liabilities									
Trade payables									
(i) Total outstanding dues of creditors other than micro enterprises and small enterprises	553.36	-	553.36	321.95	-	321.95	255.88	-	255.88
Debt securities	-	5,981.78	5,981.78	-	5,974.41	5,974.41	-	15,440.40	15,440.40
Borrowings (other than debt securities)	151,592.56	44,390.43	195,982.99	108,055.73	14,461.99	122,517.72	91,203.43	14,260.61	105,464.04
Subordinated liabilities	-	-	-	-	-	-	13,363.24	-	13,363.24
Other financial liabilities	33,635.16	38,784.16	72,419.32	24,468.72	35,747.74	60,216.46	26,282.44	23,776.78	50,059.22
Non-financial liabilities									
Current tax liabilities (net)	1,621.04	-	1,621.04	565.95	-	565.95	304.62	-	304.62
Provisions	15.84	-	15.84	75.57	-	75.57	62.43	-	62.43
Deferred tax liabilities (Net)	-	860.55	860.55	-	1,267.20	1,267.20	-	-	-
Other non-financial liabilities	790.15	1,148.43	1,938.58	610.09	832.90	1,442.99	354.63	29.74	384.37
Total liability	**188,208.11**	**91,165.35**	**279,373.46**	**134,098.01**	**58,284.24**	**192,382.25**	**131,826.67**	**53,507.53**	**185,334.20**
Net	**30,286.45**	**60,695.25**	**90,981.70**	**7,667.77**	**69,718.29**	**77,386.06**	**(8,551.07)**	**25,905.97**	**17,354.90**

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 42 EMPLOYEE BENEFIT PLAN

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

(a) Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹ 86.69 lakhs (31 March 2018: ₹ 78.06 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

Financial assets not measured at fair value

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

The status of gratuity plan as required under Ind AS-19 is as under:

(₹ In Lakhs)

		As at 31 March 2019	As at 31 March 2018
i.	**Reconciliation of opening and closing balances of defined benefit obligation**		
	Present value of defined benefit obligations at the beginning of the year	159.13	117.42
	Current service cost	39.99	24.80
	Past service cost	-	11.21
	Interest cost	12.04	8.52
	Acquisition adjustment	-	-
	Benefit paid	(5.11)	(1.91)
	Change in demographic assumptions	-	-
	Change in financial assumptions	2.91	11.89
	Experience variance (i.e. Actual experience vs assumptions)	8.07	(12.80)
	Present value of defined benefit obligations at the end of the year	**217.03**	**159.13**
ii.	**Reconciliation of opening and closing balances of the fair value of plan assets**		
	Fair value of plan assets at the beginning of the year	191.55	123.85
	Transfer in / (out) plan assets	-	-
	Expenses deducted from the fund	-	-
	Interest income	16.07	9.92
	Return on plan assets excluding amounts included in interest income	(3.64)	(0.91)
	Assets distributed on settlements	-	-
	Contributions by the Company	35.39	60.60
	Assets acquired in an amalgamation in the nature of purchase	-	-
	Exchange differences on foreign plans	-	-
	Benefits paid	(5.11)	(1.91)
	Fair value of plan assets at the end of the year	**234.26**	**191.55**
iii.	**Reconciliation of the present value of defined benefit obligation and fair value of plan assets**		
	Present value of defined benefit obligations at the end of the year	217.03	159.13
	Fair value of plan assets at the end of the year	234.26	191.55
	Unrecognised past service cost	-	(0.63)
	Net asset / (liability) recognized in the balance sheet as at the end of the year	**17.23**	**33.05**

iv. Composition of plan assets

100% of plan assets are administered by LIC. Further, exposure of the investment made by LIC in respective securities are as follows:

	31 March 2019	31 March 2018
State government security	49.70	49.70
NCD / Bonds	22.71	22.71
Central Government security	18.75	18.75
CBLO, bank balance, etc.	4.92	4.92
Equity	3.92	3.92
Total	**100.00**	**100.00**

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

(₹ In Lakhs)

		For the year ended 31 March 2019	For the year ended 31 March 2018
v.	**Expense recognised during the Year**		
	Current service cost	39.99	24.80
	Interest cost	(4.03)	(1.39)
	Past service cost	0.63	10.58
	Expenses recognised in the statement of profit and loss	**36.59**	**33.99**
vi.	**Other comprehensive income**		
	Components of actuarial gain/losses on obligations:		
	Due to change in financial assumptions	2.91	11.89
	Due to experience adjustments	8.07	(12.80)
	Return on plan assets excluding amounts included in interest income	3.64	0.91
	Components of defined benefit costs recognised in other comprehensive income	14.62	0.00*

* ₹ 178.00 recognised in OCI.

		As at 31 March 2019	As at 31 March 2018
vii.	**Principal actuarial assumptions**		
	Discount rate (per annum)	7.60%	7.70%
	Rate of return on plan assets (p.a.)	7.60%	7.70%
	Annual increase in salary cost	8.00%	8.00%
	Withdrawal rates per annum		
	25 and below	3.00%	3.00%
	26 to 35	2.50%	2.50%
	36 to 45	2.00%	2.00%
	46 to 55	1.50%	1.50%
	56 and above	1.00%	1.00%

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

viii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Defined benefit obligation (Base)	217.03	159.13

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	232.39	203.02	171.18	148.18
(% change compared to base due to sensitivity	7.08%	-6.46%	7.57%	-6.89%
Salary growth rate (- / + 0.5%)	205.93	229.25	149.85	168.88
(% change compared to base due to sensitivity)	-5.11%	5.63%	-5.84%	6.12%
Withdrawal rate (W.R.) (W.R. x 90% / W.R. x 110%)	216.83	217.16	159.05	159.22
(% change compared to base due to sensitivity)	-0.09%	0.06%	-0.06%	0.05%

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

ix. **Asset liability matching strategies**

The Company contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

x. **Effect of plan on the Company's future cash flows**

a) **Funding arrangements and funding policy**

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) **Maturity profile of defined benefit obligation**

The average outstanding term of the obligations (years) as at valuation date is 14.43 years.

	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1st Following Year	6.15	0.85%
2nd Following year	4.91	0.68%
3rd Following Year	5.95	0.83%
4th Following Year	23.45	3.25%
5th Following Year	6.82	0.95%
Sum of years 6 to 10	49.24	6.83%

The future accrual is not considered in arriving at the above cash-flows.

The expected contribution for the next year is ₹ 41.52 lakhs.

(C) **Other long term employee benefits**

The liability for compensated absences as at the year ended 31 March 2019 is ₹ 15.84 lakhs and as at year ended 31 March 2018 is ₹ 75.57 lakhs.

NOTE 43 FINANCIAL INSTRUMENT AND FAIR VALUE MEASUREMENT

A. **Accounting classifications and fair values**

The carrying amount and fair value of financial instruments including their levels in the fair value hierarchy presented below:

(₹ In Lakhs)

As at 31 March 2019	Carrying amount		Fair value			
	Amortised cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
Loans	-	321,853.69	-	-	321,853.69	321,853.69
	-	**321,853.69**				
Financial assets not measured at fair value[1]						
Cash and cash equivalents	35,577.06	-				
Bank balance other than cash and cash equivalents	1,278.75	-				
Security deposits	56.88	-	-	-	50.35	50.35
Interest accrued but not due on loans and advances	3,305.63	-				
Interest accrued but not due on bank deposits	48.59	-				
	40,266.91	**-**				
Financial liabilities not measured at fair value[1]						
Trade payables	553.36	-				
Debt securities	5,981.78	-	-	-	6,027.90	6,027.90
Borrowings (other than debt securities)	195,982.99	-	-	-	196,409.27	196,409.27
Other financial liabilities	72,419.32	-				
	274,937.45	**-**				

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

(₹ In Lakhs)

As at 31 March 2018	Carrying amount		Fair value			
	Amortised cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
Loans	-	254,628.00	-	-	254,628.00	254,628.00
Investment in equity instruments	-	9.49	7.70	1.79	-	9.49
	-	**254,637.49**				
Financial assets not measured at fair value[1]						
Cash and cash equivalents	3,795.95	-				
Bank Balance other than cash and cash equivalents	1,021.66	-				
Security deposits	353.80	-	-	-	346.12	346.12
Interest accrued but not due on loans and advances	2,411.72	-				
Interest accrued but not due on bank deposits	158.97	-				
	7,742.10	-				
Financial liabilities not measured at fair value[1]						
Trade payables	321.95	-				
Debt securities	5,974.41	-	-	-	6,163.12	6,163.12
Borrowings (other than debt securities)	122,517.72	-	-	-	122,517.72	122,517.72
Other financial liabilities	60,216.46	-				
	189,030.54	**-**				

(₹ In Lakhs)

As at 1 April 2017	Carrying amount		Fair value			
	Amortised cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
Loans	-	193,421.26	-	-	193,421.26	193,421.26
Investment in equity instruments	-	8.72	6.93	1.79	-	8.72
	-	**193,429.98**				
Financial assets not measured at fair value[1]						
Cash and cash equivalents	3,585.75	-				
Bank Balance other than cash and cash equivalents	844.58	-				
Security deposits	47.77	-	-	-	39.65	39.65
Interest accrued but not due on loans and advances	1,758.45	-				
Interest accrued but not due on bank deposits	97.12	-				
	6,333.67	-				
Financial liabilities not measured at fair value[1]						
Trade payables	255.88	-				
Debt securities	15,440.40	-	-	-	15,664.50	15,664.50
Borrowings (other than debt securities)	105,464.04	-	-	-	105,464.04	105,464.04
Subordinated liabilities	13,363.24	-	-	-	13,363.24	13,363.24
Other financial liabilities	50,059.22	-				
	184,582.78	**-**				

[1]The Company has not disclosed the fair values for cash and cash equivalents, bank balances, interest accrued but not due on loans and advances and bank deposits, trade payables and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

Reconciliation of level 3 fair value measurement is as follows:

(₹ In Lakhs)

		For the year ended 31 March 2019	For the year ended 31 March 2018
i)	**Loans**		
	Balance at the beginning of the year	254,628.04	193,421.26
	Gain included in OCI		
	- Net change in fair value (unrealised)	(993.77)	2,471.74
	Addition during the year	267,246.57	235,540.94
	Impairment in value of investments		
	Amount derecognised / repaid during the year	(193,806.13)	(170,281.29)
	Amount written off	(5,220.98)	(6,524.61)
	Balance at the end of the year	**321,853.73**	**254,628.04**

Sensitivity analysis

(₹ In Lakhs)

	OCI, net of tax	
	Increase	**Decrease**
31 March 2018		
Loans		
Interest rates (1% movement)	(140.88)	141.10
31 March 2019		
Loans		
Interest rates (1% movement)	(145.15)	145.33

B. Measurement of fair values

i) Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences in the carrying values presented.

ii) Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

iii) Transfers between levels I and II

There has been no transfer in between level I and level II.

iv) Valuation techniques

Loans

The Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year end which is an unobservable input and therefore these has been considered to be fair valued using level 3 inputs.

Investment in equity instruments

The majority equity instruments held by the Company are actively traded on stock exchanges with readily available active prices on a regular basis. Such instruments are classified as level 1. Equity investments in unquoted instruments are fair valued using the price earnings ratio approach and accordingly classified as fair valued using level 2.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

Security deposits

The Company has fair valued the security deposit using normal market rate of interest as on relevant date using cash flow method approach.

C. Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

C.1 Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

C.2 Regulatory capital (₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Tier 1 Capital	86,412.19	73,599.45	20,127.99
Tier 2 Capital	5,445.51	6,086.51	11,716.84
Total Capital	**91,857.70**	**79,685.96**	**31,844.83**
Risk weighted assets			
Tier 1 Capital Ratio (%)	27.40	29.46	10.67
Total Capital Ratio (%)	**29.13**	**31.89**	**16.88**

Tier 1 capital consists of shareholders' equity and retained earnings. Tier 2 capital consists of general provision and loss reserve against standard assets and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier 1).

NOTE 44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

1) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

Loans and advances

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Company's exposure to credit risk for loans and advances by type of counterparty is as follows: (₹ In Lakhs)

	Carrying Amount		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Retail assets	149,497.08	128,650.36	104,988.23
Loans to NBFC - to create the underlying assets of MEL, SME, TW and CV	172,356.60	125,977.64	88,433.03
Total	**321,853.69**	**254,628.00**	**193,421.26**

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

Staging:

As per the provision of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months provision
1-30 Days	Stage 1	12 Months provision
31-60 Days	Stage 2	Lifetime provision
61-90 Days	Stage 2	Lifetime provision
90+ Days	Stage 3	Lifetime provision

Grouping:

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

a. TW loan
b. SME loans
c. SRTO loan
d. MSME loan
e. Retail asset channel loans

ECL:

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Marginal probability of default ("MPD")
b. Loss given default ("LGD")
c. Exposure at default ("EAD")
d. Discount factor ("D")

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

Marginal probability of default:
PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from NBFC internal data calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Company has worked out on PD based on the last five years historical data.

Marginal probability:
The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:
As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: upside (11%), downside (21%) and base (68%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

LGD:
LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.
2) The computation consists of five components, which are:
    a) Outstanding balance (POS)
    b) Recovery amount (discounted yearly) by initial contractual rate.
    c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
    d) Collateral (security) amount

    The formula for the computation is as below:
    % Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)

    % LGD = 1 – recovery rate

EAD:
As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments.

Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

Discounting:
As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

ECL computation:
Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Stage 1	0.36%	0.31%	0.29%
Stage 2	11.19%	11.92%	10.15%
Stage 3	20.59%	9.79%	13.39%
Amount of expected credit loss provided for	3599.93	2151.08	1592.41

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Movement of ECL:

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Opening provision of ECL	2,151.08	1,592.41
Addition during the year	3,448.19	2,026.51
Utilization / reversal during the year	1,999.34	1,467.84
Closing provision of ECL	**3,599.93**	**2,151.08**

Cash and cash equivalent and Bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Company generally invests in term deposits with banks which are rated AA- to AA+, based on CRISIL ratings.

2) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilised cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Company, as on 31 March 2019 is 29.13% against regulatory norms of 15%. Tier I capital is 27.40% as against requirement of 10%. Tier II capital is 1.73% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Company is ₹ 183,500.00 lakhs spread across 20 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

Majority of the Company's portfolio is MSME loans which qualifies as Priority Sector Lending. Over the years, the Company has maintained around 35% to 40% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Company. This further strengthens the liability management.

The table below summarises the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date.

(₹ 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
As at 31 March 2019									
Debt securities	-	-	-	-	-	1,981.78	4,000.00	-	5,981.78
Borrowings	1,628.13	1,268.67	4,190.58	7,856.22	136,751.86	44,287.53	-	-	195,982.99
Trade payable	553.36	-	-	-	-	-	-	-	553.36
As at 31 March 2018									
Debt securities	-	-	-	-	-	-	5,974.41	-	5,974.41
Borrowings	860.05	662.34	3,031.91	3,982.55	99,528.35	12,338.84	2,113.68	-	122,517.72
Trade payable	321.95	-	-	-	-	-	-	-	321.95
As at 1 April 2017									
Debt securities	-	-	-	-	-	-	1,967.04	13,473.36	15,440.40
Borrowings	715.64	720.31	2,477.24	3,496.37	83,828.11	13,065.79	1,160.58	-	105,464.04
Trade payable	255.88	-	-	-	-	-	-	-	255.88

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

3.1) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

(₹ In Lakhs)

	For the year ended 31 March 2019	
Change in interest rates	50 bp increase	50 bp decrease
Bank deposits	8,878.26	8,878.26
Impact on Profit for the year	44.39	(44.39)
Variable rate lending	172,356.60	172,356.60
Impact on profit for the year	861.78	(861.78)
Variable rate borrowings	177,969.03	177,969.03
Impact on profit for the year	(889.85)	889.85

3.2) Foreign currency risk

The Company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Company.

NOTE 45 REVENUE FROM CONTRACTS WITH CUSTOMERS.

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to profit and loss account:

(₹ In Lakhs)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Type of income		
Services charges	873.63	635.33
Others	479.72	466.57
Total revenue from contracts with customers	**1,353.35**	**1,101.90**
Geographical markets		
India	1,353.35	1,101.90
Outside India	-	-
Total revenue from contracts with customers	**1,353.35**	**1,101.90**
Timing of revenue recognition		
Services transferred at a point in time	1,353.35	1,101.90
Services transferred over time	-	-
Total revenue from contracts with customers	**1,353.35**	**1,101.90**

NOTE 46 There have been no events after the reporting date that require disclosure in these financial statements.

NOTE 47 EXPLANATION TO TRANSITION TO IND AS

As stated in Note 2, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2018, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ("Previous GAAP").

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2019 including the comparative information for the year ended 31 March 2018 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2017.

In preparing the Ind AS balance sheet as at 1 April 2017 and in presenting the comparative information for the year ended 31 March 2018, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with Previous GAAP, and how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1. Property plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a Previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

– fair value;

– or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with Previous GAAP) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under Previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

2. Investments in subsidiaries

Ind-AS 101 allows a first-time adopter to use a deemed cost when measuring an investment in a subsidiary in the separate opening statement of financial position. This deemed cost can be determined using either fair value at the date of transition to Ind-AS or a Previous GAAP carrying amount at that date. A first-time adopter is able to choose whether to use the deemed cost exemption on an investment-by-investment basis for its subsidiary.

Accordingly, the Company has elected to avail the exemption and use the Previous GAAP carrying value as deemed cost.

3. Designation of previously recognised financial instruments

Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at FVOCI based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition).

The Company has opted to avail this exemption to designate equity investments (other than investment in subsidiary) as FVOCI on the date of transition.

B. Mandatory exceptions

1. Accounting estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the Previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- EIR on borrowings.
- Expected life of portfolio.
- Classification of equity and liability.

2. Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109 - Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition criteria for financial assets/liabilities prospectively. Hence, it has not recognised any financial assets/financial liabilities previously derecognised.

3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

4. Impairment of financial assets

The Company being NBFC company is required to assess the impairment of financial assets based upon the new model i.e. ECL instead of rule based guidance (RBI Prudential Norms) as prevailed under Previous GAAP.

Accordingly, the Company has applied the impairment requirement of Ind-AS 109 on all financial assets recognised as per Ind-AS 109 retrospectively except:

1. The Company has sought to approximate the credit risk on initial recognition by considering all reasonable and supportable information that is available without undue cost or effort.
2. The Company has determined whether the financial asset is having low credit risk, as specified in Ind-AS 109, and whether there is a significant increase in credit risk since initial recognition of financial assets by applying rebuttable presumption of 30 days past due.
3. If the Company is unable to determine whether there is a significant increase in credit risk since initial recognition of a financial asset, without involving undue cost or effort, the Company shall recognise a loss amount equal to life time expected losses at each reporting date till the financial asset is derecognised.

   Accordingly, the Company has developed ECL model for testing of impairment of loans and advances.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

Reconciliation of equity*

(₹ In Lakhs)

	Note	As at date of transition 1 April 2017			As at 31 March 2018		
		Previous GAAP#	Adjustment on transition to Ind AS	Ind AS	Previous GAAP#	Adjustment on transition to Ind AS	Ind AS
ASSETS							
Financial assets							
Cash and cash equivalents		3,585.75	-	3,585.75	3,795.95	-	3,795.95
Bank balance other than cash and cash equivalents		844.58	-	844.58	1,021.66	-	1,021.66
Loans	1(b), 3, 4, 6, 8	191,944.46	1,476.80	193,421.26	248,887.94	5,740.06	254,628.00
Investments	1(a), 5	1,075.70	253.27	1,328.97	1,075.70	260.84	1,336.54
Other financial assets		1,903.34	-	1,903.34	2,924.49	-	2,924.49
Total financial assets		**199,353.83**	**1,730.07**	**201,083.90**	**257,705.74**	**6,000.90**	**263,706.64**
Non-financial assets							
Income tax assets (net)		172.04	-	172.04	172.04	-	172.04
Deferred tax assets (net)	11	422.26	(379.78)	42.48	-	-	-
Property, plant and equipment		703.06	-	703.06	5,636.66	-	5,636.66
Other intangible assets		13.16	-	13.16	17.40	-	17.40
Other non-financial assets		674.46	-	674.46	235.57	-	235.57
Total non-financial assets		**1,984.98**	**(379.78)**	**1,605.20**	**6,061.67**	**-**	**6,061.67**
Total assets		**201,338.81**	**1,350.29**	**202,689.10**	**263,767.41**	**6,000.90**	**269,768.31**
LIABILITIES AND EQUITY							
LIABILITIES							
Financial liabilities							
Payables							
Trade payables							
(i) total outstanding dues of micro and small enterprises		-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro and small enterprises		255.85	-	255.85	321.90	-	321.90
Debt securities	4, 9	10,998.00	4,442.43	15,440.43	6,000.00	(25.54)	5,974.46
Borrowings (other than debt securities)	4	105,409.13	54.91	105,464.04	122,488.55	29.17	122,517.72
Subordinated liabilities	9	4,747.10	8,616.14	13,363.24	-	-	-
Other financial liabilities	5,7	50,059.22	-	50,059.22	61,260.32	(1,043.86)	60,216.46
Total financial liabilities		**171,469.30**	**13,113.48**	**184,582.78**	**190,070.77**	**(1,040.23)**	**189,030.54**
Non-financial liabilities							
Current tax liabilities (net)		304.62	-	304.62	565.95	-	565.95
Provisions		62.43	-	62.43	75.57	-	75.57
Deferred tax liabilities (net)	11	-	-	-	(681.20)	1,948.40	1,267.20
Other non-financial liabilities		328.44	55.93	384.37	375.96	1,067.03	1,442.99
Total non-financial liabilities		**695.49**	**55.93**	**751.42**	**336.28**	**3,015.43**	**3,351.71**
Total liabilities		**172,164.79**	**13,169.41**	**185,334.20**	**190,407.05**	**1,975.20**	**192,382.25**
EQUITY							
Equity share capital		4,295.62	-	4,295.62	5,466.20	-	5,466.20
Other equity	1 to 11	24,878.40	(11,819.12)	13,059.28	67,894.16	4,025.70	71,919.86
Total equity		**29,174.02**	**(11,819.12)**	**17,354.90**	**73,360.36**	**4,025.70**	**77,386.06**
Total liabilities and equity		**201,338.81**	**1,350.29**	**202,689.10**	**263,767.41**	**6,000.90**	**269,768.31**

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2018*

(₹ In Lakhs)

		Note	Previous GAAP #	Adjustment on transition to Ind AS	Ind AS
I.	**Revenue from operations**				
	Interest income	4, 6, 7, 8	42,134.64	(6,199.23)	35,935.41
	Gain on assignment of financial assets	8	-	8,005.67	8,005.67
	Fees and commission income	5, 8	466.57	661.52	1,128.09
	Total revenue from operations		**42,601.21**	**2,467.96**	**45,069.17**
	Other income		20.45	-	20.45
	Total income		**42,621.66**	**2,467.96**	**45,089.62**
II.	**Expenses**				
	Finance costs	4, 9	15,184.80	1,862.34	17,047.14
	Fees and commission expense		506.03	-	506.03
	Impairment on financial assets	3	4,457.65	(182.60)	4,275.05
	Employee benefits expenses	2	3,727.42	69.29	3,796.71
	Depreciation and amortization		120.24	-	120.24
	Others expenses	9	2,820.16	8.57	2,828.73
	Total expenses		**26,816.30**	**1,757.60**	**28,573.90**
	Profit before exceptional items and tax (I - II)		**15,805.36**	**710.36**	**16,515.72**
	Exceptional items		-	-	-
III.	**Profit before tax**		**15,805.36**	**710.36**	**16,515.72**
IV.	**Tax expense:**				
	Current tax		5,727.00	-	5,727.00
	Short / (excess) provision for tax relating to prior years		(0.12)	-	(0.12)
	Net current tax expense		5,726.88	-	5,726.88
	Deferred tax	11	(258.94)	704.63	445.69
	Net tax expense		**5,467.94**	**704.63**	**6,172.57**
V.	**Profit for the year (III - IV)**		**10,337.42**	**5.73**	**10,343.15**
VI.	**Other comprehensive income**				
	(A) Items that will not be reclassified to profit or loss:				
	Remeasurement of the defined benefit liabilities	2	-	-	-
	Income tax impact on above	2	-	-	-
	Equity instruments through other comprehensive income	1(a)	-	0.77	0.77
	Income tax impact on above	1(a)	-	(0.27)	(0.27)
	Total		**-**	**0.50**	**0.50**
	(B) Items that will be reclassified to profit or loss:				
	Loans and advances through other comprehensive income	1(b)	-	2,471.74	2,471.74
	Income tax relating to items that will be reclassified to profit or loss	1(b)	-	(863.72)	(863.72)
	Total		**-**	**1,608.02**	**1,608.02**
	Other comprehensive income (A+B)		**-**	**1,608.52**	**1,608.52**
VII.	**Total comprehensive income (V + VI)**		**10,337.42**	**1,614.25**	**11,951.67**

* Ind AS 101 requires reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with Ind AS and a reconciliation to its total comprehensive income in accordance with Ind AS for the latest period in the entity's most recent annual financial statements. The Company has chosen to provide reconciliation of amount reported in accordance with previous GAAP to amount reported under Ind AS for each line item of balance sheet and statement of profit and loss as an additional disclosure.

\# The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

Notes to the reconciliations

1) FVOCI of financial assets

a) Investments

Under Previous GAAP, the Company accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries have to be fair valued. At the date of transition to Ind AS, difference between the instruments fair value and Previous GAAP carrying amount has been recognised as a separate component of equity, in the FVOCI reserve, net of related deferred taxes. Accordingly, an amount of ₹ 0.77 lakh has been recognised in OCI for the year ended 31 March 2018. Further an amount of ₹ 8.02 lakhs has been recognised as increase in investments as on 1 April 2017.

b) Loans and advances

The Company has business model of sale the loan portfolio through assignment or hold the loan portfolio and therefore, the Company recognizes its loan portfolio through FVOCI as per IND AS 109. While under Previous GAAP, loans and advances were carried at their carrying amount. Accordingly, at the date of transition to Ind AS, difference between the fair value of loan and Previous GAAP carrying amount has been recognised as a separate component of loans and advances, in the FVOCI reserve, net of related deferred taxes. An amount of ₹ 1,651.09 lakhs has been adjusted in retained earning as on 1 April 2017. Further, ₹ 2,471.74 lakhs has been recognised in FVOCI during the year ended 31 March 2018.

2) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under Previous GAAP, the Company recognised actuarial gains and losses in the statement of profit or loss. However, this has no major impact on the total comprehensive income and total equity as on 1 April 2017 or as on 31 March 2018.

3) Loss allowance

Under Previous GAAP, the Company has created provision for impairment of loans to customer as per the guidelines specified by RBI. Under Ind AS, the Company has recognised impairment loss on loans based on the expected credit loss model as required by Ind AS 109. Consequently, the Company impaired its loans and advances by ₹ 365.47 lakhs on 1 April 2017 which has been eliminated against retained earnings. Further, a reversal of ₹ 182.60 lakhs has been recognised in the statement of profit and loss for the year ended on 31 March 2018.

4) EIR

a) Under Previous GAAP, transaction cost charged to customers were recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using effective interest method. Consequently, loan to customer on the date of transition as on 1 April 2017 have decreased by ₹ 994.07 Lakhs which has been eliminated against retained earnings. The impact of ₹ 115.85 Lakhs for the year ended on 31 March 2018 has been recognised in the statement of profit and loss.

b) Under Previous GAAP, transaction cost incurred on borrowings were amortized over the tenure of the loan on straight-line basis while under Ind AS, such cost are included in the initial recognition amount of financial assets and recognised as interest income using effective interest method. Consequently, borrowings on the date of transition date have increased by ₹ 21.96 Lakhs and interest expenses for the year ended 31 March 2018 has decreased by ₹ 18.36 Lakhs.

5) Corporate financial guarantees

The Company has given various corporate guarantees to banks on behalf of its subsidiary. Under Previous GAAP, guarantees were disclosed in the financial statements as part of notes to accounts. Under Ind AS, these guarantees are initially measured at fair value and recognised as investment in subsidiary and corresponding financial liability. It has resulted into increase of income by ₹ 189.32 Lakhs on the date of transition which has been recognised in the retained earnings and an amount of ₹ 26.19 Lakhs for the year ended 31 March 2018 has been recognised in the statement of profit and loss.

6) Interest reversal on stage 3 financial assets

Under Previous GAAP, the Company did not accrue interest on stage 3 assets. Under Ind AS, the Company has recognized interest on stage 3 assets resulting into an income of ₹ 275.92 Lakhs on the date of transition which has been recognised in retained earnings. The impact of ₹ 6.36 Lakhs for the year ended 31 March 2018 has been adjusted in the statement of profit and loss.

Notes

Forming Part of the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

7) Security deposits initially recognised at amortised cost

Under Previous GAAP, the Company accounted for refundable security deposits liability taken from customers at carrying cost. Under Ind AS, these deposits have been accounted at amortised cost determined using the appropriate market rate.

8) Assignment of loan portfolio

The Company derecognizes the loan portfolio assigned to assignees. Under Previous GAAP, interest income spread on the loan portfolio assigned (net of minimum retention ratio) was recognized as and when it was accrued, i.e., over the life of the loan given. Under Ind AS, such interest income is recognized upfront i.e., at the time of assignment transaction.

This has resulted in increase in equity as on 1 April 2017 by ₹ 3,819.85 Lakhs and as on 31 March 2018 by ₹ 1,889.94 Lakhs.

9) Compulsorily convertible preference shares

Under Previous GAAP, compulsorily convertible preference shares ("CCPS") were disclosed at their carrying amount and classified as equity. Under Ind AS, these instruments are classified as financial liability and measured at amortised cost as per Ind AS 32. Accordingly, on the date of transition, a total impact of ₹ 13,091.50 Lakhs on account of CCPS has been adjusted against retained earnings. For the year ended 31 March 2018, an impact of ₹ 1,194.92 Lakhs and a positive impact of ₹ 14,286.42 Lakhs has been recognised in the statement of profit and loss and retained earnings respectively.

Under Previous GAAP, dividend / interest in respect of shares / debt were recorded in retained earning and the statement of profit and loss respectively. Under Ind AS, since these convertible instruments are classified as financial liability, the dividend and corresponding dividend distribution tax amounting to ₹ 36.47 Lakhs arising on account of these instruments has been adjusted against the statement of profit and loss for the year ended 31 March 2018.

10) Other comprehensive income

Under Previous GAAP, the Company did not present OCI separately. Hence, it has reconciled Previous GAAP profit and loss to profit and loss as per Ind AS. Further, Previous GAAP profit and loss is reconciled to total comprehensive income as per Ind AS.

11) Deferred tax

Previous GAAP requires deferred tax accounting using the profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences arising on account of transitional differences adjustments which were not required under Previous GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

In terms of our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

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

Nirav Patel
Partner
Membership No: 113327

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

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

Riddhi B. Bhayani
(Company Secretary & Compliance Officer)
(Membership No: A41206)
Ahmedabad
8 May 2019

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

Ahmedabad
8 May 2019

Independent Auditor's Report

To the members of MAS Financial Services Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of MAS Financial Services Limited (hereinafter referred to as the 'Holding Company') and its subsidiary – MAS Rural Housing Finance Private Limited (the Holding Company and its subsidiary together referred to as the 'Group'), which comprise the consolidated balance sheet as at 31 March 2019, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate financial statements of a subsidiary as were audited by the other auditor, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (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 consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143 (10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the 'ICAI'), and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed
Transition date accounting policies	
Refer to the accounting policies in the consolidated financial statements: Significant Accounting Policies – 'Basis of preparation' and Note 46 to the consolidated financial statements: 'Explanation of transition to Ind AS'	
Effective 1 April 2018, the Group has adopted the Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Group upon transition: • Business model assessment • Classification and measurement of financial assets and financial liabilities • Measurement of loan losses (expected credit losses) • Accounting for assignment • Accounting for loan fees and costs • Accounting for actuarial gain / loss on post-employment benefit Migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We identified transition date accounting as a key audit matter because of significant degree of management judgment and application on the areas noted above.	**Key audit procedures included:** **Design / controls** • Assessing the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the principles under Ind AS 101. • We have also confirmed the approval of Audit Committee for the choices and exemptions made by the Company for compliance / acceptability under Ind AS 101. **Substantive tests** • Evaluated management's transition date choices and exemptions for compliance / acceptability under Ind AS 101. • Understood the methodology implemented by management to give impact on the transition and tested the computation. • Assessed areas of significant estimates and management judgment in line with principles under Ind AS. • Evaluated the adequacy of the disclosure required by Ind AS 101

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed</th></tr>
<tr><td colspan="2">Assessment of business model for classification and measurement of financial assets

Financial assets classified at Amortised cost: ₹ 70,972.26 Lakh as at 31 March 2019
Financial assets classified at FVOCI: ₹ 321,853.69 Lakh as at 31 March 2019
Financial assets classified at FVTPL: Nil as at 31 March 2019</td></tr>
<tr><td colspan="2">Refer to the accounting policies in the consolidated financial statements: Significant Accounting Policies- 'Classification and measurement of financial assets' and Note 7 to the consolidated financial statements: 'Loans (At FVOCI)'</td></tr>
<tr><td>Classification and measurement of financial assets – Business model assessment

Ind AS 109, Financial Instruments, contains three principal measurement categories for financial assets i.e.:
• Amortised cost;
• Fair Value through Other Comprehensive Income ('FVOCI'); and
• Fair Value through Profit and Loss ('FVTPL').

A financial asset is classified into a measurement category at inception and is reclassified only in rare circumstances. The assessment as to how an asset should be classified is made on the basis of both the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

The term 'business model' refers to the way in which the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

Amortised cost classification and measurement category is met if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

FVOCI classification and measurement category is met if the financial asset is held in a business model in which assets are managed both in order to collect contractual cash flows and for sale. Such financial assets are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income.

FVTPL classification and measurement category is met if the financial asset does not meet the criteria for classification and measurement at amortised cost or at FVOCI. Such financial assets are subsequently measured at fair value, with changes in fair value recognized in profit or loss.

We identified business model assessment as a key audit matter because of the management judgement involved in determining the intent for purchasing and holding a financial asset which could lead to different classification and measurement outcomes of the financial assets and its significance to the consolidated financial statements of the Group.</td><td>Key audit procedures included:

Design / controls
• Assessing the design, implementation and operating effectiveness of key internal controls over management's intent of purchasing a financial asset and the approval mechanism for such stated intent and classification of such financial assets on the basis of management's intent (business model).
• For financial assets classified at amortised cost, we tested controls over the classification of such assets and subsequent measurement of assets at amortised cost. Further, we tested key internal controls over monitoring of such financial assets to check whether there have been any subsequent sales of financial assets classified at amortised cost.
• For financial assets classified at FVOCI, we tested controls over the classification of such assets and subsequent measurement of assets at fair value.

Substantive tests
• Test of details over of classification and measurement of financial assets in accordance with management's intent (business model).
• We selected a sample of financial assets to test whether their classification as at the balance sheet date is in accordance with management's intent.
• We selected a sample (based on quantitative thresholds) of financial assets sold during the year to check whether there have been any sales of financial assets classified at amortised cost.
• We have also checked that there have been no reclassifications of assets in the current period.</td></tr>
</table>

Key audit matter	How the matter was addressed
Impairment of loans and advances to customers	
Charge: ₹ 1,465.00 Lakh for year ended 31 March 2019 **Provision: ₹ 3,724.86 Lakh as at 31 March 2019**	
Refer to the accounting policies in the consolidated financial statements: 'Impairment of financial assets', Note 3.6 to the consolidated financial statements: Significant Accounting Policies - 'Impairment of financial assets' and Note 7 to the consolidated financial statements: 'Loans (At FVOCI)'	
Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement. With the applicability of Ind AS 109 credit loss assessment is now based on expected credit loss ('ECL') model. The Group's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. **The most significant areas are:** • Segmentation of loan book • Loan staging criteria • Calculation of probability of default / Loss given default • Consideration of probability weighted scenarios and forward looking macro-economic factors. There is a large increase in the data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.	**Key audit procedures included:** **Design / controls** • Evaluation of the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice. • Understanding management's new / revised processes, systems and controls implemented in relation to impairment allowance process. • Assessing the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • We used our modelling specialist to test the model methodology and reasonableness of assumptions used. • Testing of management review controls over measurement of impairment allowances and disclosures in the consolidated financial statements. **Substantive tests** • We focused on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Performed test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations were tested through re-performance where possible. • Appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used, loss emergence periods and the valuation of recovery assets and collateral. • Evaluated the adequacy of the disclosures including disclosure on key assumptions, judgments and sensitivities.

Other Information

The Holding Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the audit report of other auditor, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and the Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, the consolidated profit / loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. 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 each company 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 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.

In preparing the consolidated financial statements, the respective management and the Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls with reference to the consolidated financial statements in place and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (the Holding Company and subsidiary) to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit

opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 30,923.74 Lakh as at 31 March 2019, total revenues of ₹ 3,241.07 Lakh and net cash inflows amounting to ₹ 2,980.61 Lakh 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 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 sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the audit report of the other auditor.

(b) The comparative financial information of the Group for the year ended 31 March 2018 and the transition date opening balance sheet as at 1 April 2017 included in these consolidated Ind AS financial statements, are based on the previously issued statutory consolidated financial statement prepared in accordance with the accounting principles generally accepted in India, including the Accounting standards specified under Section 133 of the Act, audited by predecessor auditor whose report for the year ended 31 March 2018 and 31 March 2017 dated 9 May 2018 and 21 June 2017 respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Group on transition to Ind AS, which have been audited by us with respect to the Holding Company and by other auditor with respect to the subsidiary company.

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 matters with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on the separate financial statements of such subsidiary as was audited by other auditor, as noted in the 'Other Matters' paragraph, we report, 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 and the report of the other auditor.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows 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 Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 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 with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.

B. 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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on the separate financial statements of the subsidiary, as noted in the 'Other Matters' paragraph:

i. There were no pending litigations as at 31 March 2019 which would impact the consolidated financial position of the Group.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2019.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the report of the statutory auditor of the subsidiary company which was not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No: 113327

Ahmedabad
8 May 2019

Annexure 'A'

to the Independent Auditor's report on the consolidated financial statements of MAS Financial Services Limited for the year 31 March 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to the consolidated financial statements of MAS Financial Services Limited (hereinafter referred to as the 'Holding Company') and such company incorporated in India under the Companies Act, 2013 (the 'Act'), which is its subsidiary company, as of that date.

In our opinion, the Holding Company and a company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to the consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to the consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the consolidated financial statements.

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 with reference to the consolidated financial statements were 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 with reference to the consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statements included obtaining an understanding of internal financial controls with reference to the consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated 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 relevant subsidiary company in terms of the report 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 with reference to the consolidated financial statements.

Meaning of Internal Financial controls with Reference to the Consolidated Financial Statements

A company's internal financial controls with reference to the consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the consolidated financial statements 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 the 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 with Reference to the Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to the consolidated financial statements, 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 with reference to the consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to the consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the consolidated financial statements insofar as it relates to one subsidiary company, is based on the corresponding report of the auditor of such company incorporated in India.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Nirav Patel
Partner
Membership No: 113327

Ahmedabad
8 May 2019

Consolidated Balance Sheet

as at 31 March 2019

(₹ in Lakhs)

	Note no.	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	5	39,699.95	4,938.23	4,653.24
Bank balance other than cash and cash equivalents	6	1,280.68	1,024.89	846.14
Loans	7	348,267.74	274,567.03	210,587.94
Investments	8	-	9.49	8.72
Other financial assets	9	3,577.58	3,059.38	2,030.73
Total financial assets		**392,825.95**	**283,599.02**	**218,126.77**
Non-financial assets				
Income tax assets (net)		95.16	189.03	181.13
Deferred tax assets (net)	27	69.41	116.60	158.65
Property, plant and equipment	10(a)	5,803.39	5,758.96	860.62
Capital work-in-progress		0.71	-	-
Other intangible assets	10(b)	12.01	19.08	13.80
Goodwill	10(c)	573.36	-	-
Other non-financial assets	11	245.26	270.63	683.49
Total non-financial asset		**6,799.30**	**6,354.30**	**1,897.69**
Total assets		**399,625.25**	**289,953.32**	**220,024.46**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		600.10	360.75	275.93
(II) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
Debt securities	12	5,981.78	5,974.41	15,440.40
Borrowings (other than debt securities)	13	221,327.10	139,492.71	120,346.32
Subordinated liabilities	14	-	-	13,363.24
Other financial liabilities	15	73,275.78	61,628.69	50,890.56
Total financial liabilities		**301,184.76**	**207,456.56**	**200,316.45**
Non-financial liabilities				
Current tax liabilities (net)		1,621.96	566.00	304.62
Provisions	16	17.19	84.09	69.80
Deferred tax liabilities (net)	27	860.55	1,267.20	-
Other non-financial liabilities	17	1,935.32	1,424.95	338.51
Total non-financial liabilities		**4,435.02**	**3,342.24**	**712.93**
Total liabilities		**305,619.78**	**210,798.80**	**201,029.38**
EQUITY				
Equity share capital	18	5,466.20	5,466.20	4,295.62
Other equity	19	86,947.72	72,452.68	13,526.23
Equity attributable to the owners of the Holding Company		**92,413.92**	**77,918.88**	**17,821.85**
Non-controlling interest		**1,591.55**	**1,235.64**	**1,173.23**
Total equity		**94,005.47**	**79,154.52**	**18,995.08**
Total liabilities and equity		**399,625.25**	**289,953.32**	**220,024.46**

See accompanying notes to the financial statements

In terms of our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

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

Nirav Patel
Partner
Membership No: 113327

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

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

Riddhi B. Bhayani
(Company Secretary & Compliance Officer)
(Membership No: A41206)

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

Ahmedabad
8 May 2019

Ahmedabad
8 May 2019

Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(₹ in Lakhs)

		Note no.	Year ended 31 March 2019	Year ended 31 March 2018
I.	**Revenue from operations**			
	Interest income	20	49,519.30	38,448.22
	Gain on assignment of financial assets		9,414.46	8,005.67
	Fees and commission income		1,523.89	1,223.64
	Total revenue from operations		**60,457.65**	**47,677.53**
	Other income	21	12.01	3.06
	Total income		**60,469.66**	**47,680.59**
II.	**Expenses**			
	Finance costs	22	22,617.80	18,625.73
	Fees and commission expense		404.35	506.03
	Impairment on financial assets	23	5,543.65	4,351.88
	Employee benefits expenses	24	5,204.63	4,226.33
	Depreciation and amortization	25	160.36	164.03
	Others expenses	26	2,738.06	3,029.59
	Total expenses		**36,668.85**	**30,903.59**
	Profit before exceptional items and tax (I - II)		**23,800.81**	**16,777.00**
	Exceptional items		-	-
III.	**Profit before tax**		**23,800.81**	**16,777.00**
IV.	**Tax expense:**			
	Current tax	27	8,340.61	5,813.40
	Short / (excess) provision for tax relating to prior years	27	7.12	(0.69)
	Net current tax expense		**8,347.73**	**5,812.71**
	Deferred tax (credit) / charge	27	(7.57)	445.26
	Net tax expense		**8,340.16**	**6,257.97**
V.	**Profit for the year (III - IV)**		**15,460.65**	**10,519.03**
VI.	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss:			
	Remeasurement of the defined benefit liabilities		(11.54)	2.53
	Income tax impact on above		4.25	(0.70)
	Net gain on equity instruments measured through other comprehensive income		(1.10)	0.77
	Income tax impact on above		0.38	(0.27)
	Total (A)		**(8.01)**	**2.33**
	(B) Items that will be reclassified to profit or loss:			
	Loans and advances through other comprehensive Income		(993.77)	2,471.74
	Income tax relating to items that will be reclassified to profit or loss		347.26	(863.72)
	Total (B)		**(646.51)**	**1,608.02**
	Other comprehensive income (A+B)		**(654.52)**	**1,610.35**
VII.	**Total comprehensive income (V + VI)**		**14,806.13**	**12,129.38**
VIII.	**Profit for the year attributable to**			
	Owners of the Holding Company		15,353.69	10,437.97
	Non-controlling interest		106.96	81.06
IX.	**Other comprehensive income attributable to**			
	Owners of the Holding Company		(655.42)	1,609.61
	Non-controlling interest		0.90	0.74
X.	**Total comprehensive income attributable to**			
	Owners of the Holding Company		14,698.27	12,047.58
	Non-controlling interest		107.86	81.80
XI.	**Earnings per equity share (of ₹ 10 each):**	**28**		
	Basic (₹)		28.28	21.74
	Diluted (₹)		28.28	21.74

See accompanying notes to the financial statements

In terms of our report of even date attached
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(Membership No: A41206)
Ahmedabad
8 May 2019

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

Ahmedabad
8 May 2019

Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

(A) Equity share capital

(₹ in Lakhs)

Equity Share of ₹ 10 each issued, subscribed and fully paid	
Balance at 1 April 2017	**4,295.62**
Changes in equity share capital during the year	1,170.58
Balance at 31 March 2018	**5,466.20**
Changes in equity share capital during the year	-
Balance at 31 March 2019	**5,466.20**

(B) Other equity

(₹ in Lakhs)

	Reserves and surplus						Other comprehensive income			Total
	Reserve u/s. 45-IA of RBI Act, 1934	Reserve fund u/s. 29-C of NHB Act,1987	Equity component of compound financial instruments	Capital reserve	Securities premium	Retained earnings	Equity instruments through OCI	Remeasurement of defined benefit liabilities	Loans and advances through OCI	
Balance at 1 April 2017	**5,847.97**	**153.77**	**109.95**	**12.72**	**9,655.51**	**(3,845.55)**	**-**	**(0.55)**	**1,592.41**	**13,526.23**
Profit for the year	-	-	-	-	-	10,437.97	-	-	-	10,437.97
Other comprehensive income (net of taxes)	-	-	-	-	-	-	0.08	1.51	2,166.69	2,168.28
Interim dividend on equity shares including dividend distribution tax ("DDT")	-	-	-	-	-	(986.88)	-	-	-	(986.88)
Final dividend on equity shares including DDT	-	-	-	-	-	(1.05)	-	-	-	(1.05)
Final dividend on preference shares including DDT	-	-	-	-	-	(22.19)	-	-	-	(22.19)
Transfer to reserve u/s. 45-IA of RBI Act, 1934	2,067.48	-	-	-	-	(2,067.48)	-	-	-	-
Transfer to reserve u/s. 29-C of NHB Act,1987	-	46.67	-	-	-	(46.67)	-	-	-	-
Additions during the year in securities premium	-	-	-	-	35,443.81	-	-	-	-	35,443.81
Utilised for initial public offer expenses	-	-	-	-	(2,399.91)	-	-	-	-	(2,399.91)
Conversion of convertible instruments measured at amortised cost	-	-	-	-	-	14,286.42	-	-	-	14,286.42
Balance at 31 March 2018	**7,915.45**	**200.44**	**109.95**	**12.72**	**42,699.41**	**17,754.57**	**0.08**	**0.96**	**3,759.10**	**72,452.68**
Profit for the year	-	-	-	-	-	15,353.69	-	-	-	15,353.69
Effect of changes in Group's interest	-	0.20	0.11	(12.72)	-	586.50	-	-	-	574.09
Other comprehensive income (net of taxes)	-	-	-	-	-	-	3.88	(12.78)	802.34	793.44
Equity component of OCPS converted into equity share capital	-	-	(76.45)	-	-	-	-	-	-	(76.45)
Interim dividend on equity shares including DDT	-	-	-	-	-	(986.88)	-	-	-	(986.88)
Final dividend on preference shares including DDT	-	-	-	-	-	(23.04)	-	-	-	(23.04)
Final dividend on equity shares including DDT	-	-	-	-	-	(1,421.66)	-	-	-	(1,421.66)
Additions during the year in securities premium	-	-	-	-	281.85	-	-	-	-	281.85
Transfer to reserve u/s. 45-IA of the RBI Act, 1934	3,042.30	-	-	-	-	(3,042.30)	-	-	-	-
Transfer to reserve u/s. 29-C of NHB Act,1987	-	61.28	-	-	-	(61.28)	-	-	-	-
Balance at 31 March 2019	**10,957.75**	**261.92**	**33.61**	**-**	**42,981.26**	**28,159.60**	**3.96**	**(11.82)**	**4,561.44**	**86,947.72**

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Ahmedabad
8 May 2019

Ahmedabad
8 May 2019

Consolidated Statement of Cash Flows

for the year ended 31 March 2019

(₹ in Lakhs)

		Year ended 31 March 2019		Year ended 31 March 2018	
A.	CASH FLOW FROM OPERATING ACTIVITIES				
	Net profit before tax		23,800.81		16,777.00
	Adjustments for :				
	Depreciation and amortisation	160.36		164.03	
	Finance cost	22,617.80		18,625.73	
	Provision for impairment on financial assets	1,465.00		571.62	
	Loss assets written off (net)	4,078.65		3,780.26	
	(Profit) / loss on sale of property, plant and equipment	(1.77)		0.37	
	Loss on sale of repossessed assets	200.44		184.97	
	Dividend distribution tax on preference dividend	-		8.57	
	Interest income	(47,416.64)		(37,211.97)	
	Interest income from investments and deposits	(729.36)		(192.65)	
	Interest income received in advance	(19.61)		(6.57)	
	Net gain on equity instruments measured through other comprehensive income	(1.10)		0.77	
			(19,646.23)		**(14,074.87)**
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**4,154.58**		**2,702.13**
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Loans and advances	(78,789.28)		(65,300.55)	
	Deposits given as collateral	297.08		(308.56)	
	Bank balance other than cash and cash equivalents	(987.92)		(16.62)	
	Other non-financial asset	(186.61)		15.80	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	239.35		84.82	
	Security deposits from borrowers	6,339.82		9,297.51	
	Advance from borrowers	-		-	
	Other financial and non-financial liabilities	5,410.21		1,843.55	
	Provisions	(67.37)	**(67,744.72)**	14.29	**(54,369.76)**
	CASH GENERATED FROM / (USED IN) OPERATIONS		**(63,590.14)**		**(51,667.63)**
	Interest income received	46,490.98		36,553.73	
	Finance cost paid	(22,503.33)		(17,925.06)	
	Income tax paid (net)	(7,197.87)	**16,789.78**	(5,559.25)	**13,069.42**
	CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)		**(46,800.36)**		**(38,598.21)**
B.	CASH FLOW FROM INVESTING ACTIVITIES				
	Capital expenditure on property, plant and equipment and intangible assets, including capital advances	(200.45)		(4,854.23)	
	Proceeds from sale of property, plant and equipment and intangible assets	3.79		0.13	
	Bank deposits not considered as cash and cash equivalents	732.13		(162.13)	
	Interest income from investments and deposits	839.74		130.80	
	Purchase of investments	-		(0.77)	
	Proceeds from redemption of investments	9.96		-	
	CASH FLOW (USED IN) INVESTING ACTIVITIES (B)		**1,385.17**		**(4,886.20)**

Consolidated Statement of Cash Flows

for the year ended 31 March 2019

(₹ in Lakhs)

	Year ended 31 March 2019		Year ended 31 March 2018	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of shares (net)	-		28,064.21	
Proceeds from issue of shares of subsidiary	200.00		-	
Shares issue expenses	-		(2,399.91)	
Proceeds from debt securities and borrowings	84,790.01		31,600.97	
Repayments of borrowings	(27,137.42)		(22,263.64)	
Net increase / (decrease) in working capital borrowings	24,773.61		9,805.84	
Dividends paid including dividend distribution tax	(2,449.29)		(1,038.07)	
CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)		**80,176.91**		**43,769.40**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**34,761.72**		**284.99**
Cash and cash equivalents at the beginning of the year		4,938.23		4,653.24
Cash and cash equivalents at the end of the year (refer note 1 below)		**39,699.95**		**4,938.23**

Notes:

1 **Cash and bank balances at the end of the year comprises:** (₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
(a) Cash on hand	25.04	23.48
(b) Balances with banks	31,024.91	4,914.75
Total	**31,049.95**	**4,938.23**
Bank deposits with original maturity of 3 months or less	8,650.00	-
Cash and cash equivalents as per the balance sheet	**39,699.95**	**4,938.23**

2 The above cash flow statement has been prepared under the "Indirect method" as set out in the Ind AS - 7 on statement of cash flows specified under section 133 of the Companies Act, 2013.

3 **Non-cash financing and investing activities:**
During the previous year, the convertible instruments were converted into equity shares of the Holding Company. Refer Note 18.3 for non cash financing and investing activities of the Holding Company.

4 **Change in liabilities arising from financing activities** (₹ in Lakhs)

	1 April 2018	Cash flows	Non-cash changes*	31 March 2019
Debt securities	5,974.41	-	7.37	5,981.78
Borrowings other than debt securities	139,492.72	82,426.20	(591.82)	221,327.10
Total liabilities from financing activities	**145,467.13**	**82,426.20**	**(584.45)**	**227,308.88**

* Non-cash changes includes the effect of recording financial liability at amortized cost, amortization of processing fees etc.

See accompanying notes to the financial statements

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Ahmedabad
8 May 2019

Ahmedabad
8 May 2019

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019

1. CORPORATE INFORMATION

MAS Financial Services Limited (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 Holding Company is registered as a non deposit taking non-banking finance company ("NBFC") with Reserve Bank of India ("RBI"). MAS Rural Housing & Mortgage Finance Limited is registered as a non deposit taking housing finance company ("HFC") with National Housing Bank ("NHB"). The Group is engaged in the business of providing Micro Enterprise Loans ("MEL"), Small and Medium Enterprise loans ("SME"), Two Wheeler loans ("TW"), Commercial Vehicle loans ("CV"), loans to NBFCs, housing loans, commercial property loans and project loans for real estate projects to customers especially in the segment of affordable housing in rural and urban areas. The Holding Company's equity shares are listed on two recognised stock exchanges in India i.e. BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The Holding Company's registered office is at 6, Ground Floor, Narayan Chambers, behind Patang Hotel, Ashram Road, Ahmedabad - 380009, Gujarat, India.

2. BASIS OF PREPARATION

2.1 Statement of compliance and principles of consolidation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

For all periods up to and including the year ended 31 March 2018, the Group had prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP"). These consolidated financial statements for the year ended 31 March 2019 are the Group's first consolidated financial statements prepared in accordance with Ind AS.

Principles of consolidation

These consolidated financial statements ("CFS") are prepared on the following basis in accordance with Ind AS 110 on "Consolidated Financial Statements" specified under Section 133 of the Act.

i) Subsidiaries -

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

ii) Non-controlling interest ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value on the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

iv) Transactions eliminated on consolidation

The financial statements of the Holding Company and its subsidiary used in the consolidation procedure are drawn upto the same reporting date i.e. 31 March 2019. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances.

v) 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 March 2019	31 March 2018
MAS Rural Housing & Mortgage Finance Limited	Subsidiary company	India	MAS Financial Services Limited	59.67%	59.61%

2.2 Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

i) Certain loans and investment in equity instruments at fair value through other comprehensive income ("FVOCI")

ii) Defined benefit plans - plan assets

2.3 Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Group operates (the "functional currency"). The values are rounded to the nearest lakhs, except when otherwise indicated.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

2.4 Use of estimates, judgements and assumptions

The preparation of the consolidated financial statements in conformity with Ind AS requires 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

In the process of applying the Group's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest (the "SPPI") test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value please refer Note 3.8 and Note 42.

ii) Effective interest rate ("EIR") method

The Group's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's expected credit loss (the "ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss (the "LTECL") basis.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default (the "PD"), exposure at default (the "EAD") and loss given default (the "LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

iv) Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.16.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable.

2.5 Presentation of the consolidated financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 40.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

i) The normal course of business

ii) The event of default

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. EIR method

Under Ind AS 109, interest income is recorded using EIR method for all financial instruments measured at amortised cost, financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Group calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Group reverts to calculating interest income on a gross basis.

3.2 Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in note 3.8), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

C. Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost

ii) FVOCI

iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI test

As a second step of its classification process, the Group assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, the financial assets are measured as follows:

i) Financial assets carried at amortised cost ("AC")

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at FVOCI

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at FVTPL

A financial asset which is not classified in any of the above categories are measured at FVTPL.

iv) Other equity investments

All other equity investments are measured at fair value, with value changes recognised in the statement of profit and loss, except for those equity investments for which the Holding Company has elected to present the value changes in other comprehensive income ("OCI").

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

B. Financial liability

i) Initial recognition and measurement

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the EIR method.

3.4 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in the year ended 31 March 2019 and 31 March 2018.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

B. Derecognition of financial assets other than due to substantial modification

i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Group recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

As per the guidelines of RBI, the Group is required to retain certain portion of the loan assigned to parties in its books as minimum retention requirement ("MRR"). Therefore, it continue to recognise the portion retained by it as MRR.

ii) Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of the ECL principles

In accordance with Ind AS 109, the Group uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL.

ECL are measured through a loss allowance at an amount equal to:

i.) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii.) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the

Group records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3: Loans considered credit impaired. The Group records an allowance for life time ECL.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

B. The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest

LGD Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Group has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to the statement of profit and loss. The accumulated loss recognised in OCI is recycled to the statement of profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Group relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

ii) Lending interet rates

iii) Deposit interest rates

3.7 Write-offs

Financial assets are written off when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

- Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

- Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

- Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 (I) Recognition of other income

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

A. Dividend income

Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

B. Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

C. Other interest income

Interest income on bank deposits is accounted on accrual basis.

D. Fees and commission income

Fees and commission income such as stamp and document charges, guarantee commission, service income etc. are recognised on point in time basis.

3.9 (II) Recognition of other expense

A. Borrowing costs

Borrowing costs are the interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 Cash and cash equivalents

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.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

3.11 Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment 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 and equipment 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.

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives as specified under schedule II of the Act. Land is not depreciated.

The estimated useful lives are, as follows:

i) Buildings - 60 years

ii) Office equipment - 3 to 15 years

iii) Furniture and fixtures - 10 years

iv) Vehicles - 8 years

In respect of property, plant and equipment, depreciation is provided on a pro-rata basis from the date on which such asset is purchased or ready for its intended use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

3.12 Intangible assets

The Group's other intangible assets include the value of software and trademark. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives.

The estimated useful lives are as follows:

i) Software - 3 years

ii) Trademark - 10 years

3.13 Impairment of non financial assets - property, plant and equipment and intangible assets

The carrying values of assets / cash generating units at the 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.

3.14 Leasing

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Group as a lessee

Leases that do not transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they are incurred.

Group as a lessor

Leases where the Group does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.15 Retirement and other employee benefits

Defined contribution plans

The Group'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.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

Defined benefit plans

The Group pays gratuity to the employees whoever has completed five years of service with the Group at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Group to the Life Insurance Corporation of India who administers the fund of the Group.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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.

3.16 Provisions, contingent liabilities and contingent assets

A. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

B. Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

C. Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are neither recognised not disclosed in the financial statements.

3.17 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. 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.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

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.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

C. **Goods and services tax paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.18 Earnings per share

Basic earnings per share is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary 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. 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, right issue and bonus shares, as appropriate.

3.19 Dividends on ordinary shares

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Holding Company when the distribution is authorised and the distribution is no longer at the discretion of the Holding Company. As per the Act, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from 1 April 2019:

Ind AS 116 - Leases

Ind AS 116 - Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under Ind AS 116 is similar to existing Ind AS 17 accounting.

The Group will adopt Ind AS 116, effective annual reporting period beginning 1 April 2019. The Group will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1 April 2019). Accordingly, the Group will not restate comparative information, instead, the cumulative effect of initially applying this standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019.

The following changes to lessee accounting may have a material impact as follows:

- Right-of-use assets will be recorded for assets that are leased by the Group; currently no lease assets are included on the Group's financial statements.
- Liabilities will be recorded for future lease payments in the Group's financial statement.
- Lease expenses will be for depreciation of right-of-use assets and interest on lease liabilities. Interest will typically be higher in the early stages of a lease and reduce over the term. Currently operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.
- Operating lease cash flows are currently included within operating cash flows in the consolidated statement of cash flows;

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

Under Ind AS 116 these will be recorded as cash flows from financing activities reflecting the repayment of lease liabilities (borrowings) and related interest.

The Group has operating lease agreements for taking office premises along with furniture and fixtures as applicable and godown premises on rental basis ranging from 11 to 72 months wherein the Group is a lessee.

For leases other than short-term leases, the Group will recognise right-of-use asset of ₹ 294.25 lakhs and lease liability of ₹ 313.51 lakhs on 1 April 2019 with the cumulative effect of applying the standard by adjusting retained earnings net of taxes. There will be consequent reclassification in the cash flow categories in the statement of cash flows.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that Group shall recognise the income tax consequences of dividends in the statement of profit and loss, other comprehensive income or equity according to where the Group originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the Group pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the Group has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the Group is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) Group has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment features with negative compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan amendment, curtailment or settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 5. CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash on hand	25.04	23.48	20.98
Balances with banks:			
In current / cash credit accounts	31,024.91	4,914.75	4,632.26
Bank deposits with original maturity of 3 months or less	8,650.00	-	-
Total cash and cash equivalents	**39,699.95**	**4,938.23**	**4,653.24**

NOTE 6. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
In current accounts (Refer note below)	1,051.93	64.50	47.88
Unpaid dividend bank balances	0.49	0.00*	-
In fixed deposit accounts:	-	-	-
Deposits given as security against borrowings and other commitments	228.26	960.39	798.26
Total bank balance other than cash and cash equivalents	**1,280.68**	**1,024.89**	**846.14**

* ₹145.00 Unpaid dividend bank balances

Note: Balance represents balance with banks in earmarked account i.e. “collection and payout account”.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 7. LOANS (AT FVOCI)

(₹ In Lakhs)

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	At fair value through OCI	At amortised cost	Total	At fair value through OCI	At amortised cost	Total	At fair value through OCI	At amortised cost	Total
(A) Term loans	321,853.69	26,538.98	348,392.67	254,628.00	20,047.81	274,675.81	193,421.26	17,262.52	210,683.78
Less: Impairment loss allowance	-	124.93	124.93	-	108.78	108.78	-	95.84	95.84
Total (A) - Net	**321,853.69**	**26,414.05**	**348,267.74**	**254,628.00**	**19,939.03**	**274,567.03**	**193,421.26**	**17,166.68**	**210,587.94**
(B) (i) Secured by tangible assets	217,910.66	26,538.98	244,449.64	182,369.71	20,047.81	202,417.52	136,625.75	17,262.52	153,888.27
(ii) Unsecured	103,943.03	-	103,943.03	72,258.29	-	72,258.29	56,795.51	-	56,795.51
Total (B) - Gross	**321,853.69**	**26,538.98**	**348,392.67**	**254,628.00**	**20,047.81**	**274,675.81**	**193,421.26**	**17,262.52**	**210,683.78**
Less: Impairment loss allowance (Refer Note 7.1)	-	124.93	124.93	-	108.78	108.78	-	95.84	95.84
Total (B) - Net	**321,853.69**	**26,414.05**	**348,267.74**	**254,628.00**	**19,939.03**	**274,567.03**	**193,421.26**	**17,166.68**	**210,587.94**
(C) (I) Loans in India									
(i) Public Sector	-	-	-	-	-	-	-	-	-
(ii) Private Sector	321,853.69	26,538.98	348,392.67	254,628.00	20,047.81	274,675.81	193,421.26	17,262.52	210,683.78
Total (C) - Gross	**321,853.69**	**26,538.98**	**348,392.67**	**254,628.00**	**20,047.81**	**274,675.81**	**193,421.26**	**17,262.52**	**210,683.78**
Less: Impairment loss allowance	-	124.93	124.93	-	108.78	108.78	-	95.84	95.84
Total (C) (I) - Net	**321,853.69**	**26,414.05**	**348,267.74**	**254,628.00**	**19,939.03**	**274,567.03**	**193,421.26**	**17,166.68**	**210,587.94**
(C) (II) Loans outside India	-	-	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-
Total (C) (II) - Net	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total C(I) and C(II)	**321,853.69**	**26,414.05**	**348,267.74**	**254,628.00**	**19,939.03**	**274,567.03**	**193,421.26**	**17,166.68**	**210,587.94**

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Notes:			
1. Secured exposures are exposures secured wholly or partly by hypothecation of assets and/or undertaking to create a security.			
2. The Group has advanced loans to its officer. Principal amount of such loans outstanding is:	21.92	23.49	27.41
3. Refer Note No. 34(b) for loans to companies in which directors are interested.			

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 7.1 AN ANALYSIS OF CHANGES IN THE GROSS CARRYING AMOUNT AND THE CORRESPONDING ECL ALLOWANCES

(₹ In Lakhs)

	31 March 2019				31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**263,755.78**	**8,507.08**	**4,824.66**	**277,087.52**	**202,557.24**	**6,269.56**	**3,615.43**	**212,442.23**
Assets derecognised or repaid (excluding write offs)	192,698.92	4,997.96	1,269.71	198,966.59	169,495.58	3,981.84	1,023.56	174,500.98
Transfers from Stage 1	(6,924.71)	4,372.13	2,552.58	-	(5,052.03)	2,415.97	2,636.05	(0.01)
Transfers from Stage 2	879.70	(1,672.50)	792.81	0.01	181.51	(571.08)	389.58	0.01
Transfers from Stage 3	6.48	8.28	(14.76)	-	19.83	47.18	(67.01)	-
Amounts written off	955.73	1,170.93	3,206.90	5,333.56	2,980.70	1,330.18	2,284.24	6,595.12
New assets originated*	270,031.09	5,885.04	2,994.81	278,910.94	238,525.51	5,657.47	1,558.41	245,741.39
Gross carrying amount closing balance	**334,093.69**	**10,931.14**	**6,673.49**	**351,698.32**	**263,755.78**	**8,507.08**	**4,824.66**	**277,087.52**

* New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

NOTE 7.2 RECONCILIATION OF ECL BALANCE IS GIVEN BELOW:

(₹ In Lakhs)

	31 March 2019				31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**801.24**	**971.82**	**486.80**	**2,259.86**	**573.48**	**622.24**	**492.52**	**1,688.24**
Addition during the year	1,115.84	840.28	1,515.52	3,471.64	794.38	854.35	399.31	2,048.04
Reversal during the year	(755.40)	(630.13)	(621.11)	(2,006.64)	(566.62)	(504.77)	(405.03)	(1,476.42)
ECL allowance - closing balance	**1,161.68**	**1,181.97**	**1,381.21**	**3,724.86**	**801.24**	**971.82**	**486.80**	**2,259.86**

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 5,333.56 lakh at 31 March 2019 (31 March 2018 : ₹ 6,595.12 lakh).

Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increase in credit risk.

NOTE 8 INVESTMENTS

(₹ In Lakhs)

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	At fair value through OCI	Others	Total	At fair value through OCI	Others	Total	At fair value through OCI	Others	Total
	(1)	(2)	(3=1+2)	(4)	(5)	(6=4+5)	(7)	(8)	(9=7+8)
Investments									
Equity instruments	-	-	-	9.96	-	9.96	9.19	-	9.19
Total – Gross (A)	**-**	**-**	**-**	**9.96**	**-**	**9.96**	**9.19**	**-**	**9.19**
(i) Investments outside India	-	-	-	-	-	-	-	-	-
(ii) Investments in India	-	-	-	9.96	-	9.96	9.19	-	9.19
Total (B)	**-**	**-**	**-**	**9.96**	**-**	**9.96**	**9.19**	**-**	**9.19**
Less: Allowance for impairment loss (C)	-	-	-	0.47	-	0.47	0.47	-	0.47
Total – Net D= (A)-(C)	**-**	**-**	**-**	**9.49**	**-**	**9.49**	**8.72**	**-**	**8.72**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 9. OTHER FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Security deposits	68.79	365.87	57.31
Interest accrued but not due on loans and advances	3,460.20	2,534.54	1,876.30
Interest accrued but not due on bank deposits	48.59	158.97	97.12
Total other financial assets	**3,577.58**	**3,059.38**	**2,030.73**

NOTE 10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(₹ In Lakhs)

Nature of assets	Property, plant and equipment (a)						Intangible assets (b)		
	Freehold land	Buildings	Office equipment	Furniture and fixtures	Vehicles	Total	Software	Other intangibles	Total
Deemed cost									
At 1 April 2017	-	305.76	202.99	113.01	238.86	860.62	13.80		13.80
Additions	4,530.51	356.31	76.74	91.10	-	5,054.66	13.49		13.49
Disposals	-	-	10.08	-	-	10.08	-		-
At 31 March 2018	4,530.51	662.07	269.65	204.11	238.86	5,905.20	27.29	-	27.29
Additions	33.21	6.13	64.42	48.39	45.32	197.47	2.17	0.10	2.27
Disposals	-	-	11.40	-	11.00	22.40	-		-
At 31 March 2019	**4,563.72**	**668.20**	**322.67**	**252.50**	**273.18**	**6,080.27**	**29.46**	**0.10**	**29.56**
Depreciation/amortisation									
At 1 April 2017	-	-	-	-	-	-	-	-	-
Depreciation/amortization charge	-	9.12	81.30	27.66	37.74	155.82	8.21		8.21
Disposal	-	-	9.58	-	-	9.58	-		-
At 31 March 2018	-	9.12	71.72	27.66	37.74	146.24	8.21	-	8.21
Depreciation/amortization charge	-	11.37	75.53	24.59	39.55	151.04	9.34		9.34
Disposal	-	-	11.32	-	9.08	20.40	-		-
At 31 March 2019	**-**	**20.49**	**135.93**	**52.25**	**68.21**	**276.88**	**17.55**	**-**	**17.55**
Net block value:									
At 1 April 2017	**-**	**305.76**	**202.99**	**113.01**	**238.86**	**860.62**	**13.80**	**-**	**13.80**
At 31 March 2018	**4,530.51**	**652.95**	**197.93**	**176.45**	**201.12**	**5,758.96**	**19.08**	**-**	**19.08**
At 31 March 2019	**4,563.72**	**647.71**	**186.74**	**200.25**	**204.97**	**5,803.39**	**11.91**	**0.10**	**12.01**

Note:

At 31 March 2019, capitalised borrowing costs related to the acquisition of land amounted to ₹ 32.56 lakhs. Borrowing costs are capitalised using rates based on specific borrowing rate i.e. 9.15% to 9.35%.

Corporate Overview

Statutory Reports

Financial Statements

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 10 (C). GOODWILL ON CONSOLIDATION (REFER NOTE BELOW)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Outstanding at the beginning of the year	-	-	-
Add: Effect of changes in the Group's interest	573.36	-	-
Outstanding at the end of the year	**573.36**	**-**	**-**

Note:

Goodwill represents the difference between the Holding Company's share in the net worth of subsidiary and the cost of acquisition at each point of time of making the investment in the subsidiary. For this purpose, the Holding Company's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

Goodwill arising out of Consolidation is tested for impairment at each reporting date.

NOTE 11. OTHER NON-FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Prepaid expenses	6.98	10.36	327.71
Advances to employees	13.03	14.77	15.56
Other advances	27.82	12.06	17.11
Re-possessed assets	136.91	106.75	101.46
Balance with Government Authorities	39.41	88.10	0.05
Capital advances	-	-	213.92
Gratuity fund [refer note 41(B)]	21.11	38.59	7.68
Total	**245.26**	**270.63**	**683.49**

NOTE 12. DEBT SECURITIES (At Amortised Cost)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Unsecured debentures (refer note no. 13.3)			
- Nil (31 March 2019, 31 March 2018) 4998 (1 April 2017), 13.00% Compulsorily Convertible Debentures of ₹1,00,000 each	-	-	9,473.36
- 400, 14.00% Redeemable, Non-Convertible Debentures of ₹1,00,000 each	4,000.00	4,000.00	4,000.00
- 200, 13.50% Redeemable, Non-Convertible Debentures of ₹1,00,000 each	2,000.00	2,000.00	2,000.00
Less: Unamortised borrowing costs	(18.22)	(25.59)	(32.96)
Total	**5,981.78**	**5,974.41**	**15,440.40**
Debt securities in India	5,981.78	5,974.41	15,440.40
Debt securities outside India	-	-	-
Total	**5,981.78**	**5,974.41**	**15,440.40**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 13. BORROWINGS (OTHER THAN DEBT SECURITIES) (At Amortised Cost)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(a) Term loans (refer note no. 13.3)			
(i) from banks	73,529.06	38,110.66	35,955.49
(ii) from NHB	1,212.86	1,774.99	1,592.90
(iii) from other parties (financial institutions)	26,211.40	6,415.08	6,015.01
(b) Liability component of compound financial instruments (refer note no 13.1)	-	271.87	245.11
(c) Loans repayable on demand from banks - cash credit (refer note no 13.2)	43,478.36	18,704.75	8,898.91
(d) Short term loans			
(i) from banks	77,500.00	73,500.00	67,900.00
(ii) from other parties (financial institutions)	-	1,000.00	-
Less: Unamortised borrowing costs	(604.58)	(284.64)	(261.10)
Total	**221,327.10**	**139,492.71**	**120,346.32**
Borrowings in India	221,327.10	139,492.72	120,346.32
Borrowings outside India	-	-	-
Total	**221,327.10**	**139,492.72**	**120,346.32**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 13.1 LIABILITY COMPONENT OF COMPOUND FINANCIAL INSTRUMENTS

(a) Liability component of compound financial instruments represents debt component of 8% Optionally Convertible Preference Shares ("OCPS") of the subsidiary company. Further, during the year ended 31 March 2019, the same were converted into 851,061 equity shares having face value of ₹ 10 each at a premium of ₹ 37 per equity share.

(b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

(₹ In Lakh)

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	(₹)	No. of Shares	(₹)
Optionally Convertible Preference Shares				
Outstanding at the beginning of the year	4,000,000	400.00	4,000,000	400.00
Less: Converted into equity shares (Refer Note (a) above)	4,000,000	400.00	-	-
Outstanding at the end of the year	-	-	4,000,000	400.00

(c) Details of shares held by each shareholder holding more than 5% OCPS:

(₹ In Lakh)

Class of shares / Name of shareholder	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
8% Optionally Convertible Preference Shares						
Mukesh C. Gandhi	-	0.00%	2,000,000	50.00%	2,000,000	50.00%
Kamlesh C. Gandhi	-	0.00%	1,000,000	25.00%	1,000,000	25.00%
Shweta K. Gandhi	-	0.00%	1,000,000	25.00%	1,000,000	25.00%

(d) Terms/ rights attached to OCPS

4,000,000 OCPS of the face value of ₹ 10 each carried a right to be paid fixed preferential dividend at the rate of 8% per annum free of income-tax.

OCPS carried a right to be converted into equity shares at a price to be determined at the time of conversion. Conversion/redemption right for exercise was as follows:

At the end of 5th year from the date of issue of OCPS - 33.33%

At the end of 6th year from the date of issue of OCPS - 33.33%

At the end of 7th year from the date of issue of OCPS - 33.33%

The holder of the OCPS had a right to vote only on resolutions placed before the Subsidiary Company which directly affect the rights attached to OCPS.

NOTE 13.2 LOANS REPAYABLE ON DEMAND FROM BANKS - CASH CREDIT

Cash credit / short term loans from banks are secured by hypothecation ("HP") of movable assets of the Group and goods covered under HP agreements/ loan cum HP 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/financial institutions on an exclusive basis) and equitable mortgage/negative lien by deposit of title deeds on some of the Group'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. The Group has not defaulted in repayment of borrowings and interest.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 13.3 DETAILS OF TERMS OF REDEMPTION/REPAYMENT AND SECURITY PROVIDED IN RESPECT OF DEBT SECURITIES AND BORROWINGS:

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Terms of redemption/ repayable	Security
Debentures					
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each	4,000.00	4,000.00	4,000.00	Coupon Rate: 13.00% 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	2,000.00	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 and 6 months	N.A.
Total debentures	**6,000.00**	**6,000.00**	**6,000.00**		
Term loans from banks					
Term Loan - 1	6,000.00	-	-	Repayable in 10 quarterly installments from 5 December 2018.	Secured by a first charge on hypothecation of present and future loan receivables.
Term Loan - 2	625.00	1,125.00	1,625.00	Repayable in 20 quarterly installments from 30 September 2015.	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	675.00	975.00	Repayable in 20 quarterly installments from 30 September 2015.	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	2,600.00	3,400.00	Repayable in 20 quarterly installments from 30 September 2016.	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	1,896.48	3,623.22	3,500.00	Repayable in 36 monthly installments from 7 April 2017.	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan - 6	4,007.58	-	-	Repayable in 36 monthly installments from 7 August 2018.	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed .

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Terms of redemption/ repayable	Security
Term Loan - 7	4,135.07	-	-	Repayable in 36 monthly installments from 7 September 2018.	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed .
Term Loan - 8	2,460.08	-	-	Repayable in 96 monthly installments from 7 April 2018.	First and exclusive charge on land, property and commercial property under construction.
Term Loan - 9	1,875.00	-	-	Repayable in 36 monthly installments from 31 July 2018.	First and exclusive charge by way of hypothecation on the company's book debts and loan installments receivables.
Term Loan - 10	2,046.62	-	-	Repayable in 30 monthly installments from 27 October 2018.	Secured by a first and exclusive charge on specific book debt and future receivables of the company created/to be created out of the loan availed .
Term Loan - 11	7,500.00	-	-	Repayable in 36 monthly installments from 30 April 2019.	First exclusive charge of present and future book debts and receivables of the company.
Term Loan - 12	10,000.00	-	-	Repayable in 11 quarterly installments from 1 July 2019.	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.
Term Loan - 13	5,000.00	7,500.00	-	Repayable in 16 quarterly installments from 30 June 2017.	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 - 14	1,180.55	2,013.89	-	Repayable in 36 monthly installments from 1 September 2017.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 15	1,555.56	-	-	Repayable in 36 monthly installments from 1 August 2018.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 16	-	416.50	1,249.90	Repayable in 6 half yearly installments from 30 December 2015.	Secured by exclusive charge on specific standard assets portfolio of receivables of the company.
Term Loan - 17	-	-	1,225.15	Repayable in 36 monthly installments from 7 February 2015.	Secured by a first ranking and exclusive charge on standard receivables of the company created out of the loan availed.
Term Loan - 18	-	1,562.39	3,277.25	Repayable in 36 monthly installments from 7 February 2016.	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan - 19	-	-	333.33	Repayable in 36 monthly installments from 30 April 2015.	Secured by a charge on all the present and future book debts, out standings, money receivables, claims and bills, which are due and owing or which may any time during the continuance of the security become due and owing to the company in the course of its business. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Terms of redemption/ repayable	Security
Term Loan - 20	-	166.67	666.67	Repayable in 36 monthly installments from 31 August 2015.	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 - 21	-	347.22	1,180.56	Repayable in 36 monthly installments from 14 September 2015.	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 - 22	-	666.67	1,333.33	Repayable in 36 monthly installments from 30 April 2016.	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 - 23	-	180.49	545.77	Repayable in 11 quarterly installments from 31 March 2016.	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 - 24	-	180.97	545.80	Repayable in 11 quarterly installments from 30 June 2016.	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 - 25	-	298.59	900.58	Repayable in 11 quarterly installments from 30 September 2016.	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 - 26	-	881.00	2,045.00	Repayable in 12 quarterly installments from 30 March 2016.	Secured by exclusive charge on receivables of the company created out of the loan availed
Term Loan - 27	-	2,697.00	-	Repayable in 96 monthly installments from 7 April 2018.	Secured by mortgage on land and building
Vehicle Loans - 28	32.43	14.38	55.52	Repayable in 36 monthly installments from 5 July 2018.	Secured by hypothecation of the vehicle financed.
Vehicle Loans - 29	-	1.86	7.34	Repayable in 36 monthly installments from 5 July 2018.	Secured by hypothecation of the vehicle financed.
Term Loan - 30	150.00	1,200.00	-	Repayable in 8 quarterly installments from 11 November 2018.	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the company (identified loan assets) sufficient to provide 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 and Mr. Mukesh Gandhi.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Terms of redemption/ repayable	Security
Term Loan - 31	750.00	-	-	Repayable in 8 quarterly installments from 11 December 2018.	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the company (identified loan assets) sufficient to provide 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 and Mr. Mukesh Gandhi.
Term Loan - 32	875.00	-	-	Repayable in 8 quarterly installments from 27 March 2019.	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the company (identified loan assets) sufficient to provide 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 and Mr. Mukesh Gandhi.
Term Loan - 33	187.50	437.50	687.50	Repayable in 24 quarterly installments from 28 February 2014.	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 and Mr. Mukesh Gandhi.
Term Loan - 34	421.13	758.04	1,094.94	Repayable in 24 quarterly installments starting from 1 September 2014.	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 and Mr. Mukesh Gandhi.
Term Loan - 35	1,335.42	1,685.42	2,035.42	Repayable in 24 quarterly installments starting from 31 March 2017.	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loan - 36	625.00	791.67	958.33	Repayable in 24 quarterly installments starting from 31 March 2017.	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loan - 37	445.09	1,336.22	-	Repayable in 8 quarterly installments starting from 7 October 2017.	"Loan is secured by first and exclusive hypothecation of Specific Receivables which are not more than 30 days overdue. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi."
Term Loan - 38	541.67	708.33	875.00	Repayable in 24 quarterly installments beginning from 31 July 2016.	Loan is secured by hypothecation on receivables. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loan - 39	333.33	416.67	500.00	Repayable in 24 quarterly installments starting from 30 June 2017.	Loan is secured by hypothecation on receivables. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loan - 40	666.67	833.33	1,000.00	Repayable in 24 quarterly installments starting from 30 June 2017.	Loan is secured by hypothecation on receivables. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Terms of redemption/ repayable	Security
Term Loan - 41	321.43	464.29	607.14	Repayable in 28 quarterly installments from 30 April 2014.	Loan is secured by hypothecation on receivables. Corporate guarantee of MAS Financial Services Ltd. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loan - 42	87.50	137.50	187.50	Repayable in 20 quarterly installments from 31 March 2016.	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 and Mr. Mukesh Gandhi.
Term Loan - 43	250.00	333.33	416.67	Repayable in 24 quarterly installments beginning from 30 June 2016.	Loan is secured by hypothecation on receivables. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loan - 44	958.33	1,000.00	-	Repayable in 24 quarterly installments starting from 31 January 2019.	The Loan is secured by exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets).Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loan - 45	500.00	-	-	Repayable in 24 quarterly installments starting from 30 September 2019.	The Loan is secured by exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets).Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loan - 46	2,375.00	-	-	Repayable in 10 quarterly installments starting from 28 February 2019.	Loan is secured by hypothecation on receivables. Personal guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 47	2,500.00	-	-	Repayable in 26 quarterly installments starting from 28 February 2019.	Loan is secured by hypothecation on receivables. Personal guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 48	137.50	187.50	237.50	Repayable in 24 quarterly installments from 19 March 2016.	First and 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 and Mr. Mukesh Gandhi. and Mrs. Sweta K. Gandhi.
Term Loan - 49	320.79	437.47	554.15	Repayable in 24 quarterly installments from 19 March 2016.	First and 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 and Mr. Mukesh Gandhi. and Mrs. Sweta K. Gandhi.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Terms of redemption/ repayable	Security
Term Loan - 50	791.67	982.62	1,000.00	Repayable in 24 quarterly installments from 31 March 2018.	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 and Mr. Mukesh Gandhi.
Term Loan - 51	666.67	1,000.00	1,000.00	Repayable in 36 monthly installments from 30 April 2018.	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 and Mr. Mukesh Gandhi.
Term Loan - 52	2,800.00	-	-	Repayable in 8 quarterly installments from 27 December 2019.	The term loan shall be secured by first ranking and exclusive charge on standard receivables of the company (identified loan assets) sufficient to provide 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 and Mr. Mukesh Gandhi.
Term Loan - 53	5,000.00	-	-	Repayable in 18 quarterly installments from 30 June 2019.	The term loan shall be secured by first ranking and exclusive charge on standard receivables of the company (identified loan assets) sufficient to provide 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 and Mr. Mukesh Gandhi.
Term Loan - 54	-	62.50	205.36	Repayable in 28 quarterly installments from 24 March 2011.	Loan is secured by hypothecation on receivables. Corporate guarantee of MAS Financial Services Ltd. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loan - 55	-	380.49	878.16	Repayable in 8 quarterly Installments from 7 January 2017.	First and Exclusive hypothecation of Specific receivables of the company. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loan - 56	-	6.94	26.80	Repayable in 36 monthly installments from 10 August 2015.	Secured by hypothecation of the vehicle financed.
Term Loan - 57	-	-	499.87	Repayable in 8 quarterly installments from 7 June 2016.	First and exclusive hypothecation of Specific receivables of the company. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Terms of redemption/ repayable	Security
Term Loan - 58	-	-	249.94	Repayable in 8 quarterly installments from 7 June 2016.	First and exclusive hypothecation of Specific receivables of the company. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loan - 59	-	-	75.00	Repayable in 20 quarterly installment from 31 March 2016.	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 and Mr. Mukesh Gandhi.
Total term loans from banks	**73,529.06**	**38,110.66**	**35,955.49**		
Term loans from others					
Term Loans from a Financial Institution - 1	3,352.23	-	-	Repayable in 36 monthly installments from 15 March 2019.	Exclusive charge by way of hypothecation of specific standard receivable of the company.
Term Loans from a Financial Institution - 2	2,000.00	-	-	Repayable in 12 quarterly installments from 30 April 2019.	Exclusive charge by way of hypothecation of specific standard receivable of the company.
Term Loans from a Financial Institution - 3	4,875.45	-	-	Repayable in 36 monthly installments from 10 March 2019.	Secured by hypothecation of specific book debts created out of the loan availed.
Term Loans from a Financial Institution - 4	4,094.36	-	-	Repayable in 10 quarterly installments from 18 December 2018.	Exclusive hypothecation charge over receivables/loan assets/ book debts of the company.
Term Loans from a Financial Institution - 5	181.82	909.09	1,636.36	Repayable in 11 quarterly installments from 31 December 2016.	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	1,800.00	-	Repayable in 10 quarterly installments from 31 March 2018.	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	4,500.00	-	-	Repayable in 10 quarterly installments from 31 March 2019.	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 - 8	5,000.00	-	-	Repayable in 36 monthly installments from 30 April 2019.	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 - 9	-	-	194.38	Repayable in 36 monthly installments from 15 November 2014.	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 10	-	-	333.33	Repayable in 36 monthly installments from 15 April 2015.	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 11	-	-	100.01	Repayable in 36 monthly installments from 15 April 2015.	Secured by hypothecation of book debts created out of the loan availed

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Terms of redemption/ repayable	Security
Term Loans from a Financial Institution - 12	-	333.35	666.68	Repayable in 36 monthly installments from 15 April 2016.	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 13	-	166.69	333.34	Repayable in 36 monthly installments from 15 April 2016.	Secured by hypothecation of book debts created out of the loan availed
Term Loans from a Financial Institution - 14	-	820.00	1,660.00	Repayable in 36 monthly installments from 10 April 2016.	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 - 15	-	545.46	1,090.91	Repayable in 11 quarterly installments from 30 September 2016.	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 - 16	727.27	1,000.00	-	Repayable in 11 quarterly installments starting from 30 September 2018.	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. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 17	222.20	840.49	-	Repayable in 36 monthly installments starting from 15 August 2017.	Loan is secured by hypothecation of book debts created out of the loan availed.
Term Loans from a Financial Institution - 18	258.07	-	-	Repayable in 31 monthly installments starting from 15 January 2018.	Loan is secured by hypothecation of book debts created out of the loan availed.
Term Loans from a Financial Institution - 19	-	382.85	425.45	Repayable in 47 quarterly installments from 1 October 2015.	A first exclusive mortgage and or 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 Limited.
Term Loans from National Housing Bank - 1	397.36	1,015.81	700.00	Repayable in 39 quarterly installments from 1 July 2017.	First and exclusive hypothecation of specific receivables of the company. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loans from National Housing Bank - 2	79.44	-	-	Repayable in 39 quarterly installments from 1 July 2017.	First and exclusive hypothecation of specific receivables of the company. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loans from National Housing Bank - 3	79.44	-	-	Repayable in 39 quarterly installments from 1 July 2017.	First and exclusive hypothecation of specific receivables of the company. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.
Term Loans from National Housing Bank - 4	344.61	-	-	Repayable in 39 quarterly installments from 1 July 2017.	First and exclusive hypothecation of specific receivables of the company. Personal guarantee of Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	Terms of redemption/ repayable	Security
Term Loans from National Housing Bank - 5	7.76	30.80	80.64	Repayable in 27 quarterly installments from 1 July 2013.	A first exclusive mortgage and or 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 Limited.
Term Loans from National Housing Bank - 6	304.25	345.53	386.81	Repayable in 51 quarterly installments from 1 July 2014.	A first exclusive mortgage and or 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 Limited.
Total term loans from others	**27,424.26**	**8,190.07**	**7,607.91**		

NOTE 14. SUBORDINATED LIABILITIES (At Amortised Cost)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Preference shares other than those that qualify as equity	-		
21,735,545, 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹10 each	-		6,481.62
21,735,545, 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹10 each	-		6,481.62
400, 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹100,000 each	-		400.00
Total	**-**		**13,363.24**
Subordinated liabilities in India	-		400.00
Subordinated liabilities outside India	-		12,963.24
Total	**-**	-	**13,363.24**

NOTE 14.1 TERMS / RIGHTS ATTACHED TO PREFERENCE SHARES

Compulsorily Convertible Cumulative Preference Shares ("CCCPS")

(a) 21,735,545 CCCPS of the face value of ₹ 10 each carry a right from 17 February 2014 to be paid a fixed cumulative preferential dividend at the rate of 0.01% per annum. These CCCPS were automatically and fully convertible into equity shares, at a conversion price to be determined as per the terms of the agreement, upon the expiry of a period of 13 years from the date of final issuance of these CCCPs i.e. from 13 October 2008. Subsequent to execution of the agreement, on 23 March 2017, the Holding Company had revised conversion terms of the original agreement through "Amendment and Termination Agreement to the Shareholders' Agreement dated 29 January 2014" pursuant to which these CCCPS were converted into equity shares at a price determined as per the agreement.

(b) 21,735,545 CCCPS of the face value of ₹ 10 each carry a right from 17 February 2014 to be paid a fixed cumulative preferential dividend at the rate of 13.31% per annum. These CCCPS were automatically and fully convertible into equity shares, at a conversion price to be determined as per the terms of the agreement, upon the expiry of a period of 7 years from the effective date i.e. from 17 February 2014. Subsequent to execution of agreement, on 23 March 2017, the Holding Company had revised conversion terms of the original agreement through "Amendment and Termination Agreement to the Shareholders' Agreement dated 29 January 2014" pursuant to which these CCCPS were converted into equity shares at a price determined as per the agreement.

(c) 400 CCCPS of the face value of ₹ 100,000 each carry a right from 13 May 2016 to be paid fixed cumulative preferential dividend at the rate of 9.75% per annum. These CCCPS were automatically and fully convertible into equity shares, at a conversion price of ₹ 1,685 (Rupees one thousand six hundred and eighty five only) per equity share at the end of 10 years, provided however that, the price of these equity shares were subject to the terms and conditions of their issue and the valuation of the Holding Company at the time of conversion of such CCCPS. Under the terms and conditions of issue the Holding Company had right to convert the CCCPS into equity shares during in their tenure from the 5th till the 10th year from the issue date. As per the terms and conditions of the issue, the investors had a Put option to convert the CCCPS into equity shares. These shares were converted into equity shares as per above terms.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 14.2 DETAILS OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES:

Class of shares / Name of shareholder	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
0.01% Compulsorily Convertible Cumulative Preference Shares						
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	-	-	-	-	21,735,545	100.00%
13.31% Compulsorily Convertible Cumulative Preference Shares						
Sarva Capital LLC (formerly known as Lok Capital II LLC)	-	-	-	-	21,735,545	100.00%
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%

NOTE 15. OTHER FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Interest accrued but not due on borrowings	810.22	905.59	761.40
Interest accrued but not due on others	3,081.85	2,559.44	2,013.55
Dues to the assignees towards collections from assigned receivables	17,548.33	13,000.01	11,222.33
Security deposits received from borrowers	51,044.56	45,134.48	36,880.83
Unpaid dividend on equity shares	0.49	* 0.00	-
Dealer advances	142.90	-	-
Amount received under credit linked subsidy scheme (refer note no. 15.1)	584.99	-	-
Other advances	62.44	29.17	12.45
Total other financial liabilities	**73,275.78**	**61,628.69**	**50,890.56**

* ₹145.00 Unpaid dividend on equity shares

NOTE 15.1 AMOUNT RECEIVED UNDER CREDIT LINKED SUBSIDY SCHEME

The Credit linked subsidy amount represents the amount received from NHB at the end of the year pending credit to customer accounts based on their eligibility.

NOTE 16. PROVISIONS

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for employee benefits			
Compensated absences	17.19	84.09	69.80
Total provisions	**17.19**	**84.09**	**69.80**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 17. OTHER NON-FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Statutory remittances	487.90	387.66	338.51
Financial guarantee liability	-	-	-
Interest income received in advance	1,447.42	1,037.29	-
Total other non-financial liabilities	**1,935.32**	**1,424.95**	**338.51**

NOTE 18. EQUTIY SHARE CAPITAL

(₹ In Lakhs)

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorized shares:				
64,000,000	Equity Shares of ₹ 10 each (As at 31 March 2018: 6,40,00,000 Equity Shares of ₹ 10 each) (As at 1 April 2017: 6,40,00,000 Equity Shares of ₹ 10 each)	6,400.00	6,400.00	6,400.00
22,000,000	0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2018: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) (As at 1 April 2017: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00	2,200.00
22,000,000	13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2018: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) (As at 1 April 2017: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00	2,200.00
400	9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each (As at 31 March 2018: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each) (As at 1 April 2017: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each)	400.00	400.00	400.00
		11,200.00	**11,200.00**	**11,200.00**
Issued, subscribed and fully paid-up shares:				
54,662,043	Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2018: 5,46,62,043 Equity Shares of ₹ 10 each) (As at 1 April 2017: 4,29,56,182 Equity Shares of ₹ 10 each)	5,466.20	5,466.20	4,295.62
		5,466.20	**5,466.20**	**4,295.62**

NOTE 18.1 RECONCILIATION OF THE NUMBER OF SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR:

(₹ In Lakhs)

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Equity Shares						
Outstanding at the beginning of the year	54,662,043	5,466.20	42,956,182	4,295.62	42,956,182	4,295.62
Issued during the year (Refer Note No. 18.2 and 18.3)	-	-	11,705,861	1,170.58	-	-
Outstanding at the end of the year	**54,662,043**	**5,466.20**	**54,662,043**	**5,466.20**	**42,956,182**	**4,295.62**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 18.2 ISSUE OF SHARE CAPITAL

(a) Pursuant to the private placement offer letter (the "Offer Document") dated 30 March 2017, the Holding Company had allotted 1,034,553 number of equity shares on 19 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 Holding Company had raised total of ₹ 13,500.00 lakhs towards private placement offer letter.

(b) Pursuant to the Initial Public Offering (the "IPO"), the Holding Company had allotted 5,092,829 equity shares of ₹ 10 each as fresh issue of equity shares. Out of which, 169,082 equity shares were allotted to eligible employees at premium of ₹ 404.00 per share and balance 4,923,747 equity shares were allotted to public at premium of ₹ 449.00 per share.

(c) Pursuant to the conversion of various compulsorily convertible instruments as mentioned in Note 18.3 below, the Holding Company had issued and allotted 5,578,479 equity shares to the convertible instrument holders. Out of converted equity shares, 4,946,448 equity shares were offered for sale by the convertible instrument holders during the IPO.

NOTE 18.3 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 1,739,865 equity shares having face value of ₹ 10 each at a premium of ₹ 114.93 per equity share on 12 September 2017;

(b) 13.31% Compulsorily Convertible Cumulative Preference Shares were converted into 1,280,723 equity shares having face value of ₹ 10 each at a premium of ₹ 159.71 per equity share on 12 September 2017;

(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 ₹ 446.00 per equity share on 12 September 2017; and

(d) 13% Compulsorily Convertible Debentures were converted into 2,470,175 equity shares having face value of ₹ 10 each at a premium of ₹ 192.33 per equity share on 21 September 2017.

NOTE 18.4 CONVERSION OF OPTIONALLY CONVERTIBLE INSTRUMENTS

The 8% Optionally Convertible Preference Shares of the subsidiary company were converted into 851,061 equity shares having face value of ₹ 10 each at a premium of ₹ 37 per share on 30 March 2019.

NOTE 18.5 DETAILS OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES:

Class of shares / Name of shareholder	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares held	% holding in that class of shares	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	6,264,081	11.46%	6,264,081	11.46%	6,242,818	14.53%
Shweta Kamlesh Gandhi	16,338,450	29.89%	16,338,450	29.89%	16,338,450	38.04%
Mukesh C. Gandhi	16,155,814	29.56%	16,151,664	29.55%	16,110,450	37.50%
M/s. Motilal Oswal Financial Services Limited	-	-	-	-	2,364,695	5.51%
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund	-	-	2,853,993	5.22%	-	-
Vistra ITCL I Ltd Business Excellence Trust III India Business	3,990,422	7.30%	3,990,422	7.30%	-	-

NOTE 18.6 DETAILS OF BONUS SHARES ISSUED DURING THE FIVE YEARS IMMEDIATELY PRECEDING THE BALANCE SHEET DATE:

(a) 6,000,000 equity shares of ₹ 10 each fully paid-up were allotted as bonus shares by capitalisation of Capital Redemption Reserve during the year ended 31 March 2014.

(b) 24,000,188 equity shares of ₹ 10 each fully paid-up were allotted as bonus shares by capitalisation of general reserve and balance from the statement of profit and loss during the year ended 31 March 2017.

NOTE 18.7 TERMS/ RIGHTS ATTACHED TO EQUITY SHARES

The Holding Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Holding Company, the equity shareholders of the Holding Company will be entitled to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 19. OTHER EQUITY (Refer Note 19.1)

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018
Reserve under section 45-IA of Reserve Bank of India Act, 1934 (the "RBI Act, 1934")		
Outstanding at the beginning of the year	7,915.45	5,847.97
Additions during the year	3,042.30	2,067.48
Outstanding at the end of the year	10,957.75	7,915.45
Equity component of compound financial instruments- optionally convertible preference shares		
Outstanding at the beginning of the year	109.95	109.95
Add: Effect of changes in the Group's interest	0.11	-
Less: Equity component of OCPS converted into equity share capital	(76.45)	-
Outstanding at the end of the year	33.61	109.95
Capital reserve on consolidation		
Outstanding at the beginning of the year	12.72	12.72
Less: Effect of changes in the Group's interest	(12.72)	-
Outstanding at the end of the year	-	12.72
Reserve fund under section 29C of The National Housing Bank Act, 1987 ("NHB Act")		
Opening balance		
a. Statutory reserve u/s 29C of NHB Act	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 NHB Act	198.64	151.97
c. Total	**200.44**	**153.77**
Addition / appropriation / withdrawal during the year		
Add:		
a. Amount transferred u/s 29C of the NHB Act	-	-
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 NHB Act	61.28	46.67
Less:		
a. Amount appropriated u/s 29C of NHB Act	-	-
b. Amount withdrawn from special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	-	-
Add: Effect of changes in the Group's interest		
a. Statutory reserve u/s 29C of NHB Act	-	-
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 NHB Act	0.20	-
Closing balance		
a. Statutory reserve u/s 29C of NHB Act	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 NHB Act	260.12	198.64
c. Total	**261.92**	**200.44**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 19. OTHER EQUITY

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018
Securities premium		
Outstanding at the beginning of the year	42,699.41	9,655.51
Additions during the year	281.83	35,443.81
Add: Effect of changes in the Group's interest	0.02	-
Less: Utilised for initial public offer expenses	-	(2,399.91)
Outstanding at the end of the year	42,981.26	42,699.41
Surplus in the statement of profit and loss		
Outstanding at the beginning of the year	17,754.57	(3,845.55)
Add: Effect of changes in the Group's interest	586.50	-
Add: Profit for the year	15,353.69	10,437.97
	33,694.76	6,592.42
Less : Appropriations:		
Transfer to reserve under section 45-IA of the RBI Act,1934	(3,042.30)	(2,067.48)
Reserve u/s.29C of NHB Act and special reserve u/s 36(1)(viii) of Income-tax Act, 1961	(61.28)	(46.67)
Final dividend on equity shares	(1,180.70)	-
Final dividend on preference shares	(19.09)	(18.58)
Interim dividend on equity shares	(819.93)	(819.93)
Dividend Distribution Tax ("DDT") on equity dividend	(240.96)	(1.05)
DDT on preference dividend	(3.95)	(3.61)
DDT on interim equity dividend	(166.95)	(166.95)
Conversion of convertible instruments measured at amortised cost	-	14,286.42
Total appropriations	**(5,535.16)**	**11,162.15**
Net surplus in the statement of profit and loss	**28,159.60**	**17,754.57**
Other comprehensive income		
Outstanding at the beginning of the year	3,760.14	1,591.86
Remeasurement of the defined benefit liabilities	(12.78)	1.51
Equity instruments through other comprehensive income	(1.10)	0.77
Loans and advances through other comprehensive Income	(993.77)	2,471.74
Impairment on loans and advances through OCI	1,448.85	558.67
Income tax relating to items that will not be reclassified to profit or loss	4.98	(0.69)
Income tax relating to items that will be reclassified to profit or loss	347.26	(863.72)
Other comprehensive income for the year, net of tax	4,553.58	3,760.14
Total other equity	**86,947.72**	**72,452.68**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE 19.1 NATURE AND PURPOSE OF RESERVE

1 **Reserve u/s. 45-IA of the RBI Act, 1934**

Reserve u/s. 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 **Reserve fund u/s. 29C of NHB Act**

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

3 **Equity component of compound financial instruments - optionally convertible preference shares**

Equity component of compound financial instruments represents equity component of 8% optionally convertible preference shares ("OCPS") of subsidiary company having paid up value of ₹ 4,00,00,000. On transition to Ind AS on 1 April 2017 ₹ 1,84,45,516 was classified as equity component while ₹ 2,45,10,720 (including accrued interest ₹ 29,56,236) was classified as debt component. Further, during the year ended 31 March 2019, all the OCPS were converted into 8,51,061 equity shares having face value of ₹ 10 each at a premium of ₹ 37 per equity share.

4 **Securities premium**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 the Act.

5 **Surplus in the statement of profit and loss**

Surplus in the statement of profit and loss is the accumulated available profit of the Group carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

6 **FVOCI equity investments**

The Holding Company has elected to recognise changes in the fair value of investments in equity securities in OCI. These changes are accumulated within the FVOCI equity investments reserve within equity.

7 **FVOCI - loans and advances**

The Holding Company has elected to recognise changes in the fair value of loans and advances in OCI. These changes are accumulated within the FVOCI - loans and advances reserve within equity.

8 **Remeasurement of the defined benefit liabilities**

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

NOTE 19.2 EQUITY DIVIDEND PAID AND PROPOSED

(₹ In Lakhs)

	31 March 2019	31 March 2018
Declared and paid during the year		
Dividends on equity shares:		
Final dividend for 31 March 2018: ₹ 2.16 per share (31 March 2017 : Nil per share)	1,180.70	-
Interim dividend for 31 March 2019: ₹ 1.50 per share (31 March 2018 : ₹ 1.50 per share)	819.93	819.93
Total dividend paid	**2,000.63**	**819.93**

	31 March 2019	31 March 2018
Proposed for approval at Annual General Meeting (not recognised as a liability)		
Dividend on equity shares:		
Final dividend for 31 March 2019: ₹ 3.60 per share (31 March 2018: ₹ 2.16 per share)	1,967.83	1,180.70
DDT on proposed dividend	404.49	240.39

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 20. INTEREST INCOME

(₹ In Lakhs)

	Year ended 31 March 2019			Year ended 31 March 2018		
	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	Total	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	Total
Interest on loans	44,425.83	2,990.81	47,416.64	34,742.38	2,469.59	37,211.97
Interest on deposits with banks	-	729.36	729.36	-	192.65	192.65
Other interest income	498.68	874.62	1,373.30	391.85	651.75	1,043.60
Total	**44,924.51**	**4,594.79**	**49,519.30**	**35,134.23**	**3,313.99**	**38,448.22**

NOTE 21. OTHER INCOME

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Net gain/(loss) on derecognition of property, plant and equipment	1.77	(0.37)
Income from non-financing activity	10.24	3.43
Total	**12.01**	**3.06**

NOTE 22. FINANCE COST (On financial liabilities measured at amortised cost)

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Interest on borrowings	16,356.95	12,073.31
Interest on debt securities	796.68	1,392.43
Interest on subordinated liabilities	-	42.09
Other interest expense	4,404.83	4,387.85
Other borrowing cost	1,059.34	730.05
Total	**22,617.80**	**18,625.73**

NOTE 23. IMPAIRMENT ON FINANCIAL INSTRUMENTS (On financial instruments measured at FVOCI)

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Loans		
- Expected credit loss	1,465.00	571.62
- Write off (net of recoveries)	4,078.65	3,780.26
Total	**5,543.65**	**4,351.88**

Note: The disclosure requirements of splitting the loss allowance between “individually” and “collectively” assessed allowances as per Ind AS 107 is not applicable to the Group as it has determined loss allowances on collective basis only.

NOTE 24. EMPLOYEE BENEFITS EXPENSE

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	4,940.30	3,943.22
Contribution to provident fund	168.38	133.70
Gratuity expense	41.63	37.09
Staff welfare expenses	54.32	43.03
Others	-	69.29
Total	**5,204.63**	**4,226.33**

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 25. DEPRECIATION AND AMORTISATION

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment	151.02	155.82
Amortisation of intangible assets	9.34	8.21
Total	**160.36**	**164.03**

NOTE 26. OTHER EXPENSES

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Rent (refer note no. 32)	227.16	203.84
Rates and taxes	17.50	31.58
Stationery and printing	85.52	75.28
Telephone	78.23	94.71
Electricity	74.34	63.38
Postage and courier	82.92	73.16
Insurance	125.84	103.34
Conveyance	220.43	208.93
Travelling	274.62	257.86
Repairs and maintenance:	-	-
Building	28.04	29.99
Others	119.56	130.86
Professional fees	584.43	625.62
Payment to auditors (refer note below)	52.88	50.20
Director's sitting fees	6.79	9.28
Legal expenses	25.66	32.54
Bank charges	42.46	85.54
Advertisement expenses	171.89	318.32
Loss on sale of repossessed assets (net)	200.44	184.97
Sales promotion expenses	51.38	90.15
Donation	0.15	0.05
Recovery contract charges	103.28	217.71
Dividend distribution tax on preference dividend	-	8.57
Corporate social responsibility expenditure (refer note no. 31)	25.87	7.62
Miscellaneous expenses	138.67	126.09
Total	**2,738.06**	**3,029.59**
Note: Payment to auditors (including taxes)		
As auditor		
Statutory audit	23.67	19.63
Limited review of quarterly results	25.55	22.53
Other services	2.49	7.95
Reimbursements of expenses	1.18	0.10
	52.89	**50.21**

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 27. TAX EXPENSES

(The components of income tax expense for the years ended 31 March 2019 and 2018 are:

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Current tax	8,340.61	5,813.40
Adjustment in respect of current income tax of prior years	7.12	(0.69)
Deferred tax	(7.57)	445.26
Total tax charge	**8,340.16**	**6,257.97**
Current tax	8,347.73	5,812.71
Deferred tax	(7.57)	445.26

NOTE 27.1 RECONCILIATION OF THE TOTAL TAX CHARGE

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2019 and 2018 is, as follows:

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Accounting profit before tax	23,800.81	16,777.00
Applicable tax rate	34.841%	34.539%
Computed tax expense	**8,292.37**	**5,794.58**
Tax effect of :		
Exempted income	(9.71)	(12.17)
Additional deduction	(28.44)	(21.44)
Non deductible items	80.22	473.31
Adjustment on account of change in tax rate	-	28.49
Others	5.72	(4.80)
Tax expenses recognised in the statement of profit and loss	**8,340.16**	**6,257.97**
Effective tax rate	35.041%	37.301%

NOTE 27.2 DEFERRED TAX

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018
Deferred tax asset / liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	(1,150.60)	158.65
Credit / (charge) for loans and advances through OCI	347.26	(863.72)
Credit / (charge) for equity instruments through OCI	0.38	(0.27)
Credit / (charge) for remeasurement of the defined benefit liabilities	4.25	-
Credit / (charge) to the statement of profit and loss	7.57	(445.26)
At the end of year DTA / (DTL)	**(791.14)**	**(1,150.60)**

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(₹ In Lakhs)

	As at 31 March 2018	Statement of profit and loss	OCI	As at 31 March 2019
Component of deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between written down value of fixed assets as per books of accounts and income tax	(32.98)	(9.05)	-	(42.03)
Deferred tax on fair value of investments	(5.45)	2.69	0.38	(2.38)
Impact of fair value of assets	(286.77)	-	347.26	60.50
Income taxable on realised basis	(1,694.53)	(399.66)	-	(2,094.19)
Deferred tax on prepaid finance charges	(25.55)	13.88	-	(11.67)
Impairment on financial assets	751.67	541.06	-	1,292.72
Expenses allowable on payment basis	26.41	(24.74)	4.25	5.92
Total	**(1,267.20)**	**124.18**	**351.89**	**(791.13)**

(₹ In Lakhs)

	As at 1 April 2017	Statement of profit and loss	OCI	As at 31 March 2018
Component of deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between written down value of fixed assets as per books of accounts and income tax	(34.29)	1.31	-	(32.98)
Deferred tax on fair value of investments	(2.77)	(2.41)	(0.27)	(5.45)
Impact of fair value of assets	571.41	5.54	(863.72)	(286.77)
Income taxable on realised basis	(1,049.68)	(644.85)	-	(1,694.53)
Deferred tax on prepaid finance charges	(13.89)	(11.66)	-	(25.55)
Impairment on financial assets	582.79	168.88	-	751.67
Expenses allowable on payment basis	105.09	(78.68)	-	26.41
Total	**158.66**	**(561.87)**	**(863.99)**	**(1,267.20)**

NOTE 27.3 CURRENT TAX LIABILITIES

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for tax [net of advance tax of ₹ 6,727.56 lakhs (31 March 2018 ₹ 5,161.04 lakhs and 1 April 2017 ₹ 3,407.23 lakhs)]	1,621.98	565.95	304.62

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 28. EARNINGS PER SHARE

(₹ In Lakhs)

		Year ended 31 March 2019	Year ended 31 March 2018
(A)	**Basic earnings per share**		
	Computation of profit (numerator)		
	Net profit for the year	15,460.65	10,519.03
	Add: Savings in interest of Compulsorily Convertible Debentures (net of taxes)	-	212.57
	Less: Preference dividend including tax thereon	-	(15.82)
	Net profit for the year attributable to equity shareholders (basic)	**15,460.65**	**10,715.78**
	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	54,662,043	49,280,936
	Basic earnings per share of face value of ₹ 10 each (in ₹)	28.28	21.74
(B)	**Diluted earnings per share**		
	Profit attributable to equity shareholders (diluted) (numerator)	15,460.65	10,715.78
	Computation of weighted average number of shares (denominator)	Nos.	Nos.
	Weighted average number of equity shares as above	54,662,043	49,280,936
	Diluted earnings per share of face value of ₹ 10 each (in ₹)	28.28	21.74

NOTE 29. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

(₹ In Lakhs)

		As at 31 March 2019	As at 31 March 2018
(A)	**Contingent liabilities**		
	Guarantees given to NSE Limited (Refer note i)	-	160.04
(B)	**Commitments**		
	I) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
	Property, plant and equipment	20.08	-
	II) Loan commitments for sanctioned but not disbursed amount	4,857.95	2,710.86

Notes:

i) During the previous year, the Holding Company has given bank guarantee to NSE Limited amounting to ₹ 160.04 lakhs as a security deposits in connection with its IPO and accordingly, the same has been shown as contingent liability.

ii) There are numerous interpretative issues relating to the Supreme Court ("SC") judgement dated 28 February 2019, relating to components / allowances paid that need to be taken into account while computing an employer's contribution of provident fund ("PF") under the Employees' Provident Funds and Miscellaneous Provisions Act,1952. The Group is in process of evaluating the method of computation of its PF contribution prospectively and would record any further effect in its financial statements, on receiving additional clarity on the subject.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 30. The Holding Company has incurred expenditure of ₹ 2,399.91 lakhs during the year ended 31 March 2018 and ₹ 2,766.99 lakhs (net of recovery from selling shareholders ₹ 832.50 lakhs) as at 31 March 2018 respectively towards private placement of equity shares, IPO and OFS. The Holding Company has adjusted the expenses incurred to the securities premium account.

NOTE 31. CORPORATE SOCIAL RESPONSIBILITY ("CSR") EXPENSES:

The gross amount required to be spent by the Holding Company during the year towards CSR is ₹ 228.52 lakhs (31 March 2018: ₹ 161.92 lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below:

(₹ In Lakhs)

		In cash	Yet to be paid in cash	Total
(i)	Construction / acquisition of any assets	-	-	-
	(31 March 2018)	-	-	-
(ii)	On purposes other than (i) above	25.87	-	25.87
	(31 March 2018)	7.62	-	7.62

NOTE 32. LEASING ARRANGEMENTS

(a) Operating lease commitments – as lessee

The Group 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 72 months. It has recognised lease payments amounting to ₹ 227.16 lakhs and ₹ 203.84 lakhs for the year ended 31 March 2019 and 31 March 2018 respectively in the statement of profit and loss. The Group has given refundable, interest free security deposits under certain agreements. Certain agreements contain provision for renewal and further there are no sub-leases. The future minimum lease payments under non-cancellable operating leases are as follows:

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Within one year	16.60	12.21
After one year but not more than five years	1.14	22.01
More than five years	-	-
Total	**17.74**	**34.22**

NOTE 33. SEGMENT REPORTING:

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Group are in India. All non-current assets of the Group are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating Segments".

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 34. RELATED PARTY DISCLOSURES:

(a) Related party disclosures as required by Ind AS 24 - Related Party Disclosures.

List of related parties and relationships:

Sr. No.	Nature of relationship	
1	Key management personnel	Mr. Kamlesh C. Gandhi (Chairman and managing director)
		Mr. Mukesh C. Gandhi (Whole time director and chief finance officer)
		Mrs. Darshana S. Pandya (Director and chief operating officer)
		Mr. Bala Bhaskaran (Independent director)
		Mr. Umesh Shah (Independent director)
		Mr. Chetanbhai Shah (Independent director)
		Mrs. Daksha Shah (Independent director) (w.e.f. 14 March 2019)
2	Other related parties	Swalamb Mass Financial Services Limited
		Anamaya Capital LLP
		Kamlesh C. Gandhi (HUF)
		Prarthna Marketing Private Limited
		Mrs. Shweta K. Gandhi
		Mrs. Urmilaben C. Gandhi (till 20 July 2018)
		Mr. Dhvanil K. Gandhi
		Mr. Saumil D. Pandya

Transactions with related parties are as follows:

(₹ In Lakhs)

	Year ended 31 March 2019		
	Key management personnel	Other related parties	Total
Remuneration (including bonus)	1,470.65	55.09	1,525.74
Dividend paid	846.34	655.41	1,501.75
Sitting fees	6.49	-	6.49

(₹ In Lakhs)

	Year ended 31 March 2018		
	Key management personnel	Other related parties	Total
Remuneration (including bonus)	1,589.42	55.12	1,644.54
Dividend paid	361.43	273.37	634.80
Sitting fees	8.83	-	8.83

Balances outstanding from related parties are as follows:

(₹ In Lakhs)

	As at 31 March 2019		
	Key management personnel	Other related parties	Total
Loans and advances given	21.92	-	21.92
Bonus payable	159.57	1.57	161.14

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

(₹ In Lakhs)

	As at 31 March 2018		
	Key management personnel	Other related parties	Total
Loans and advances given	23.49	-	23.49
Bonus payable	63.35	1.59	64.93
Investment in optionally convertible preference shares	203.91	67.97	271.87

(₹ In Lakhs)

	As at 1 April 2017		
	Key management personnel	Other related parties	Total
Loans and advances given	24.90	2.51	27.41
Bonus payable	49.66	1.34	51.00
Investment in optionally convertible preference shares	183.83	61.28	245.11

All transactions with these related parties are priced on an arm's length basis.

Key managerial personnel who are under the employment of the Group are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

Transactions with key management personnel are as follows:

(₹ In Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Post-employment benefits	27.71	2.31
Other long term employment benefits	14.04	-
	41.75	**2.31**

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

(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 March 2019	Maximum balance outstanding during the year ended 31 March 2019	As at 31 March 2018	Maximum balance outstanding during the year ended 31 March 2018	As at 1 April 2017
1	Paras Capfin Company Private Limited	-	857.75	1,105.56	1,139.31	326.54
2	M Power Micro Finance Private Limited	500.00	3,350.97	4,791.67	4,876.79	396.29

* The director interested in Paras Capfin Company Private Limited redeem his holding as on 11 May 2018 and hence, the disclosures made are of amount outstanding as on 11 May 2018 and maximum balance outstanding up to that date.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 35. Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act for the Holding Company has been given below:

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Principal amount payable to suppliers as at year-end	-	-	-
Interest due thereon as at year end	-	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates	-	-	-
Amount of delayed payment actually made to suppliers during the year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-	-
Interest accrued and remaining unpaid at the end of the year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-	-

NOTE 36. During the previous year, pursuant to initial public offering ("IPO") and offer for sale, the Holding Company had issued 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 balance 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.

NOTE 37 The Board of Directors recommended dividend of ₹ 3.60 per equity share of face value of ₹ 10 each, which is subject to approval by shareholders of the Holding Company.

NOTE 38 OFFSETTING

Following table represents the recognised financial assets that are offset, or subject to enforceable master netting arrangements and other similar arrangements but not offset, as at 31 March 2019, 31 March 2018 and 1 April 2017. The column 'net amount' shows the impact of the Group's balance sheet if all the set-off rights were exercised.

(₹ In Lakhs)

	Effect of offsetting on the balance sheet			Related amount not offset		
	Gross amounts	Gross amount off set in balance sheet (refer note 1)	Net amount presented in balance sheet	Amount subject to master netting of arrangement	Financial instrument collateral (refer note 2 and 3)	Net amount
31 March 2019						
Loans and advances	350,031.77	1,764.03	348,267.74	-	51,242.11	297,025.63
31 March 2018						
Loans and advances	276,063.35	1,496.32	274,567.03	-	45,424.02	229,143.01
1 April 2017						
Loans and advances	211,403.79	815.84	210,587.95	-	37,193.28	173,394.67

Note:

1. ₹ 1,764.03 lakhs (31 March 2018: ₹ 1,496.32 lakhs, 1 April 2017: ₹ 815.84 lakhs) represents advances received against loan agreements.
2. ₹ 51,044.56 lakhs (31 March 2018: ₹ 45,134.48 lakhs, 1 April 2017: ₹ 36,880.83 lakhs) represents security deposits received from borrowers.
3. ₹ 197.55 lakhs (31 March 2018: ₹ 289.54 lakhs, 1 April 2017: ₹ 312.45 lakhs) represents deposits given as security against borrowings.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 39 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE ACT.

As at 31 March 2019 (₹ In Lakhs)

Name of entity in the group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income (OCI)		Share of Total Comprehensive Income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consoli-dated OCI	Amount	As % of consoli-dated TCI	Amount
Holding Company								
MAS Financial Services Limited	95.04%	89,344.25	98.18%	15,179.67	100.34%	-656.74	98.09%	14,522.93
Subsidiary								
MAS Rural Housing & Mortgage Finance Limited	3.27%	3,069.67	1.13%	174.02	-0.20%	1.32	1.18%	175.34
Non-controlling interest	1.69%	1,591.55	0.69%	106.96	-0.14%	0.90	0.73%	107.86
Total	**100.00%**	**94,005.47**	**100.00%**	**15,460.65**	**100.00%**	**-654.52**	**100.00%**	**14,806.13**

As at 31 March 2018 (₹ In Lakhs)

Name of entity in the group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income (OCI)		Share of Total Comprehensive Income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consoli-dated OCI	Amount	As % of consoli-dated TCI	Amount
Holding Company								
MAS Financial Services Limited	96.13%	76,088.75	97.89%	10,297.17	99.89%	1,608.52	98.16%	11,905.69
Subsidiary								
MAS Rural Housing & Mortgage Finance Limited	2.31%	1,830.13	1.34%	140.80	0.07%	1.09	1.17%	141.89
Non-controlling interest	1.56%	1,235.64	0.77%	81.06	0.05%	0.74	0.67%	81.80
Total	**100.00%**	**79,154.52**	**100.00%**	**10,519.03**	**100.01%**	**1,610.35**	**100.00%**	**12,129.38**

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 40 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ In Lakhs)

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	39,699.95	-	39,699.95	4,938.23	-	4,938.23	4,653.24	-	4,653.24
Bank balance other than above	1,280.68	-	1,280.68	783.51	241.38	1,024.89	83.36	762.78	846.14
Loans	183,747.07	164,520.67	348,267.74	137,590.45	136,976.58	274,567.03	122,886.01	87,701.93	210,587.94
Investments	-	-	-	-	9.49	9.49	-	8.72	8.72
Other financial assets	3,496.38	81.20	3,577.58	2,976.22	83.16	3,059.38	1,891.68	139.05	2,030.73
Non-financial assets									
Income tax assets (Net)	95.16	-	95.16	189.03	-	189.03	181.13	-	181.13
Deferred tax Assets (Net)	69.41	-	69.41	116.60	-	116.60	116.17	42.48	158.65
Property, plant and equipment	-	5,803.39	5,803.39	-	5,758.96	5,758.96	-	860.62	860.62
Capital work-in-progress	-	0.71	0.71	-	-	-	-	-	-
Other Intangible assets	0.01	12.00	12.01	-	19.08	19.08	-	13.80	13.80
Goodwill	-	573.36	573.36	-	-	-	-	-	-
Other non-financial assets	205.85	39.41	245.26	221.91	48.72	270.63	469.57	213.92	683.49
Total assets	**228,594.51**	**171,030.74**	**399,625.25**	**146,815.95**	**143,137.37**	**289,953.32**	**130,281.16**	**89,743.30**	**220,024.46**
LIABILITIES									
Financial liabilities									
Trade payables									
(i) Total outstanding dues of creditors other than micro enterprises and small enterprises	600.10	-	600.10	360.75	-	360.75	275.93	-	275.93
Debt securities	-	5,981.78	5,981.78	-	5,974.41	5,974.41	-	15,440.40	15,440.40
Borrowings (other than debt securities)	158,885.37	62,441.73	221,327.10	113,320.83	26,171.88	139,492.71	95,088.88	25,257.44	120,346.32
Subordinated liabilities	-	-	-	-	-	-	13,363.24	-	13,363.24
Other financial liabilities	34,339.81	38,935.97	73,275.78	24,865.71	36,762.98	61,628.69	26,460.21	24,430.35	50,890.56
Non-financial liabilities									
Current tax liabilities (net)	1,621.96	-	1,621.96	566.00	-	566.00	304.62	-	304.62
Provisions	17.19	-	17.19	84.09	-	84.09	69.80	-	69.80
Deferred tax liabilities (Net)	-	860.55	860.55	-	1,267.20	1,267.20	-	-	-
Other non-financial liabilities	803.13	1,132.19	1,935.32	621.79	803.16	1,424.95	364.70	(26.19)	338.51
Total liability	**196,267.56**	**109,352.22**	**305,619.78**	**139,819.17**	**70,979.63**	**210,798.80**	**135,927.38**	**65,102.00**	**201,029.38**
Net	**32,326.95**	**61,678.52**	**94,005.47**	**6,996.78**	**72,157.74**	**79,154.52**	**(5,646.22)**	**24,641.30**	**18,995.08**

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 41 EMPLOYEE BENEFIT PLAN

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

(a) Defined contribution plan

The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Group's contribution to provident fund aggregating ₹ 99.92 lakhs (31 March 2018: ₹ 88.53 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

The Group operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age / resignation date.

The defined benefit plans expose the Group to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The status of gratuity plan as required under Ind AS-19 is as under:

(₹ In Lakhs)

		As at 31 March 2019	As at 31 March 2018
i.	**Reconciliation of opening and closing balances of defined benefit obligation**		
	Present value of defined benefit obligations at the beginning of the year	167.77	124.43
	Current service cost	45.68	28.65
	Past service cost	-	11.40
	Interest cost	12.70	9.03
	Benefit paid	(5.11)	(1.91)
	Re-measurement (or Actuarial) (gain) / loss arising from:		
	Change in financial assumptions	3.08	11.30
	Experience variance (i.e. Actual experience vs assumptions)	4.15	(15.12)
	Present value of defined benefit obligations at the end of the year	**228.27**	**167.78**

Corporate Overview

Statutory Reports

Financial Statements

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

(₹ In Lakhs)

		As at 31 March 2019	As at 31 March 2018
ii.	**Reconciliation of opening and closing balances of the fair value of plan assets**		
	Fair value of plan assets at the beginning of the year	205.72	132.09
	Interest income	17.38	10.65
	Return on plan assets excluding amounts included in interest income	(4.31)	(1.29)
	Contributions by employer	35.69	66.18
	Benefits paid	(5.11)	(1.91)
	Fair value of plan assets at the end of the year	**249.37**	**205.72**
iii.	**Reconciliation of the present value of defined benefit obligation and fair value of plan assets**		
	Present value of defined benefit obligations at the end of the year	228.26	167.77
	Fair value of plan assets at the end of the year	249.37	205.73
	Unrecognised past service cost	-	(0.63)
	Net asset / (liability) recognized in the balance sheet as at the end of the year	**21.11**	**38.59**

iv. Composition of plan assets

100% of plan assets are administered by LIC. Further, exposure of the investment made by LIC in respective securities are as follows:

	31 March 2019	31 March 2018
State government security	49.70	49.70
NCD / Bonds	22.71	22.71
Central Government security	18.75	18.75
CBLO, bank balance, etc.	4.92	4.92
Equity	3.92	3.92
Total	**100.00**	**100.00**

(₹ In Lakhs)

		For the year ended 31 March 2019	For the year ended 31 March 2018
v.	**Expense recognised during the Year**		
	Current service cost	45.68	27.94
	Interest cost	(4.68)	(1.62)
	Past service cost	0.63	10.77
	Expenses recognised in the statement of profit and loss	**41.63**	**37.09**
vi.	**Other comprehensive income**		
	Components of actuarial gain/losses on obligations:		
	Due to change in financial assumptions	3.08	11.30
	Due to experience adjustments	4.15	(15.12)
	Return on plan assets excluding amounts included in interest income	4.31	1.29
	Components of defined benefit costs recognised in other comprehensive income	**11.54**	**(2.53)**

(₹ In Lakhs)

		As at 31 March 2019	As at 31 March 2018
vii.	**Principal actuarial assumptions**		
	Discount rate (per annum)	7.60%	7.70%
	Rate of return on plan assets (p.a.)	7.60%	7.70%
	Annual increase in salary cost	8.00%	8.00%
	Withdrawal rates per annum		
	25 and below	3.00%	3.00%
	26 to 35	2.50%	2.50%
	36 to 45	2.00%	2.00%
	46 to 55	1.50%	1.50%
	56 and above	1.00%	1.00%

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

viii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ In Lakhs)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Defined benefit obligation (Base)	228.26	167.14

	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	244.55	213.41	180.48	156.21
(% change compared to base due to sensitivity	7.14%	-6.50%	7.98%	-6.54%
Salary growth rate (- / + 0.5%)	216.34	241.38	157.88	178.17
(% change compared to base due to sensitivity)	-5.22%	5.75%	-5.54%	6.60%
Withdrawal rate (W.R.) (W.R. x 90% / W.R. x 110%)	228.08	228.37	167.70	167.83
(% change compared to base due to sensitivity)	-0.08%	0.05%	0.34%	0.41%

ix. Asset liability matching strategies

The Group contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

x. Effect of plan on the entity's future cash flows

a) Funding arrangements and funding policy

The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group.

b) Maturity profile of defined benefit obligation

The average outstanding term of the obligations (years) as at valuation date is 14.43 years.

	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1st Following Year	6.26	1.08%
2nd Following year	5.06	1.01%
3rd Following Year	7.21	3.44%
4th Following Year	23.72	3.81%
5th Following Year	8.14	3.69%
Sum of years 6 to 10	51.01	10.49%

The future accrual is not considered in arriving at the above cash-flows.

The expected contribution for the next year is ₹ 47.07 lakhs.

(C) Other long term employee benefits

The liability for compensated absences as at the year ended 31 March 2019 is ₹ 17.19 Lakhs and as at year ended 31 March 2018 is ₹ 84.09 lakhs.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 42 FINANCIAL INSTRUMENT AND FAIR VALUE MEASUREMENT

A. Accounting classifications and fair values

The carrying amount and fair value of financial instruments including their levels in the fair value hierarchy presented below:

(₹ In Lakhs)

As at 31 March 2019	Carrying amount		Fair value			
	Amortised cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
Loans	26,414.05	321,853.69	-	-	321,853.69	321,853.69
	26,414.05	**321,853.69**				
Financial assets not measured at fair value[1]						
Cash and cash equivalents	39,699.95	-				
Bank balance other than cash and cash equivalents	1,280.68	-				
Security deposits	68.79	-	-	-	61.34	61.34
Interest accrued but not due on loans and advances	3,460.20	-				
Interest accrued but not due on bank deposits	48.59	-				
	44,558.20	**-**				
Financial liabilities not measured at fair value[1]						
Trade payables	600.08	-				
Debt securities	5,981.78	-	-	-	6,027.90	6,027.90
Borrowings (other than debt securities)	221,327.10	-	-	-	221,753.37	221,753.37
Other financial liabilities	73,275.77	-				
	301,184.72	**-**				

(₹ In Lakhs)

As at 31 March 2018	Carrying amount		Fair value			
	Amortised cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
Loans	19,939.03	254,628.00	-	-	254,628.00	254,628.00
Investment in equity instruments	-	9.49	7.70	1.79	-	9.49
	19,939.03	**254,637.49**				
Financial assets not measured at fair value[1]						
Cash and cash equivalents	4,938.23	-				
Bank Balance other than cash and cash equivalents	1,024.89	-				
Security deposits	365.87	-	-	-	357.26	357.26
Interest accrued but not due on loans and advances	2,534.54	-				
Interest accrued but not due on bank deposits	158.97	-				
	9,022.49	**-**				
Financial liabilities not measured at fair value[1]						
Trade payables	360.75	-				
Debt securities	5,974.41	-	-	-	6,163.12	6,163.12
Borrowings (other than debt securities)	139,492.72	-	-	-	139,492.72	139,492.72
Other financial liabilities	61,628.69	-				
	207,456.57	**-**				

[1]The Group has not disclosed the fair values for cash and cash equivalents, bank balances, interest accrued but not due on loans and advances and bank deposits, trade payables and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

(₹ In Lakhs)

As at 1 April 2017	Carrying amount		Fair value			
	Amortised cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
Loans	17,166.69	193,421.26	-	-	193,421.26	193,421.26
Investment in equity instruments	-	8.72	6.93	1.79	-	8.72
	17,166.69	**193,429.98**				
Financial assets not measured at fair value[1]						
Cash and cash equivalents	4,653.24	-				
Bank Balance other than cash and cash equivalents	846.14	-				
Security deposits	57.31	-	-	-	48.46	48.46
Interest accrued but not due on loans and advances	1,876.30	-				
Interest accrued but not due on bank deposits	97.12	-				
	7,530.11	-				
Financial liabilities not measured at fair value[1]						
Trade payables	275.94	-				
Debt securities	15,440.40	-	-	-	15,664.50	15,664.50
Borrowings (other than debt securities)	120,346.32	-	-	-	120,346.32	120,346.32
Subordinated liabilities	13,363.24	-	-	-	13,363.24	13,363.24
Other financial liabilities	50,890.56	-				
	200,316.46	**-**				

[1]The Group has not disclosed the fair values for cash and cash equivalents, bank balances, interest accrued but not due on loans and advances and bank deposits, trade payables and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

Reconciliation of level 3 fair value measurement is as follows: (₹ In Lakhs)

	For the year ended 31 March 2019	For the year ended 31 March 2018
i) Loans		
Balance at the beginning of the year	254,628.00	193,421.26
Gain included in OCI		
- Net change in fair value (unrealised)	(993.77)	2,471.74
Addition during the year	267,246.57	235,540.95
Amount derecognised / repaid during the year	(193,806.14)	(170,281.33)
Amount written off	(5,220.97)	(6,524.62)
Balance at the end of the year	**321,853.69**	**254,628.00**

Sensitivity analysis (₹ In Lakhs)

	OCI, net of tax	
	Increase	Decrease
31 March 2018		
Loans		
Interest rates (1% movement)	(140.88)	141.10
31 March 2019		
Loans		
Interest rates (1% movement)	(145.15)	145.33

B. Measurement of fair values

i) Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences in the carrying values presented.

Corporate Overview

Statutory Reports

Financial Statements

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

ii) Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

iii) Transfers between levels I and II

There has been no transfer in between level I and level II.

iv) Valuation techniques

Loans

The Holding Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year which is an unobservable input and therefore these has been considered to be fair valued using level 3 inputs.

Investment in equity instruments

The majority equity instruments held by the Holding Company are actively traded on stock exchanges with readily available active prices on a regular basis. Such instruments are classified as level 1. Equity investments in unquoted instruments are fair valued using the price earnings ratio approach and accordingly classified as fair valued using level 2.

Security deposits

The Group has fair valued the security deposit using normal market rate of interest as on relevant date using cash flow method approach.

C. Capital

The Group maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI and NHB. The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI and NHB.

The Group has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Group's capital management.

C.1 Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

NOTE 43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk. The Group's board of directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

The Group's risk management committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

1) **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Loans and advances

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Group's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ In Lakhs)

	Carrying Amount		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Retail assets	166,271.96	142,294.95	116,635.36
Loans to NBFC - to create the underlying assets of MEL, SME, TW and CV	175,713.48	125,977.64	88,433.03
Project finance	6,407.23	6,403.22	5,615.39
Total	**348,392.67**	**274,675.81**	**210,683.78**

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

Staging:

As per the provision of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, the Group assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. The Group has staged the assets based on the days past due criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months provision
1-30 Days	Stage 1	12 Months provision
31-60 Days	Stage 2	Lifetime provision
61-90 Days	Stage 2	Lifetime provision
90+ Days	Stage 3	Lifetime provision

Grouping:

As per Ind AS 109, Group is required to group the portfolio based on the shared risk characteristics. The Group has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

a. TW loan
b. SME loans
c. SRTO loan
d. MSME loan
e. Retail asset channel loans
f. Housing loans
g. Project loans

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

ECL:

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Marginal probability of default ("MPD")

b. Loss given default ("LGD")

c. Exposure at default ("EAD")

d. Discount factor ("D")

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from internal data calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Group has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default was calculated for 3 scenarios: upside (11%), downside (21%) and base (68%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

LGD:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Group has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.

2) The computation consists of five components, which are:

   a) Outstanding balance (POS)

   b) Recovery amount (discounted yearly) by initial contractual rate.

   c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.

   d) Collateral (security) amount

   The formula for the computation is as below:

   % Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)

   % LGD = 1 – recovery rate

EAD:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. The Group has modelled EAD based on the contractual and behavioural cash flows till the lifetime of the loans considering the expected prepayments.

The Group has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

(₹ In Lakhs)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Stage 1	0.35%	0.30%	0.28%
Stage 2	10.81%	11.42%	9.92%
Stage 3	20.70%	10.09%	13.62%
Amount of expected credit loss provided for	3,599.93	2,151.08	1,592.41

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Group's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Movement of ECL:

(₹ In Lakhs)

	year ended 31 March 2019	year ended 31 March 2018
Opening provision of ECL	2,259.86	1,688.24
Addition during the year	3,471.64	2,048.04
Utilization / reversal during the year	2,006.64	1,476.42
Closing provision of ECL	**3,724.86**	**2,259.86**

Cash and cash equivalent and Bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Group generally invests in term deposits with banks which are rated AA- to AA+, based on CRISIL ratings.

2) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Group is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Group manages its liquidity by unutilised cash credit facility, term loans and direct assignment.

The composition of the Group's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Holding Company, as on 31 March 2019 is 29.13% against regulatory norms of 15%. Tier I capital is 27.40% as against requirement of 10%. Tier II capital is 1.73% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

Capital adequacy ratio of the subsidiary company, as on 31 March 2019 is 28.40% against regulatory norms of 12%. Tier I capital is 27.68%. Tier II capital is 0.72% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Group is ₹ 185,200.00 lakhs spread across 20 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

Majority of the Group's portfolio is MSME loans which qualifies as Priority Sector Lending. Over the years, the Holding Company has maintained around 35% to 40% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Holding Company. This further strengthens the liability management.

The table below summarises the maturity profile of the Group's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

(₹ 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
As at 31 March 2019									
Debt securities	-	-	-	-	-	1,981.78	4,000.00	-	5,981.78
Borrowings	2,021.58	1,657.96	5,345.90	9,091.67	140,871.16	56,788.57	4,239.92	1,310.34	221,327.10
Trade payable	600.10	-	-	-	-	-	-	-	600.10
As at 31 March 2018									
Debt securities	-	-	-	-	-	-	5,974.41	-	5,974.41
Borrowings	1,335.80	760.21	3,610.29	4,858.17	102,765.83	20,348.71	4,898.54	915.16	139,492.71
Trade payable	360.75	-	-	-	-	-	-	-	360.75
As at 1 April 2017									
Debt securities	-	-	-	-	-	-	1,967.04	13,473.36	15,440.40
Borrowings	942.02	789.29	2,988.28	4,404.87	85,998.66	18,728.56	4,544.21	1,950.43	120,346.32
Trade payable	275.94	-	-	-	-	-	-	-	275.94

3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

3.1) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Group, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

(₹ In Lakhs)

	For the year ended 31 March 2019	
Change in interest rates	50 bp increase	50 bp decrease
Bank deposits	8,878.26	8,878.26
Impact on Profit for the year	44.39	(44.39)
Variable rate lending	152,516.62	152,516.62
Impact on profit for the year	732.34	(732.34)
Variable rate borrowings	203,429.44	203,429.44
Impact on profit for the year	(975.87)	975.87

3.2) Foreign currency risk

The Group does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Group.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE 44 REVENUE FROM CONTRACTS WITH CUSTOMERS.

Set out below is the disaggregation of the Group's revenue from contracts with customers and reconciliation to statement of profit and loss:

(₹ In Lakhs)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Type of income		
Services charges	873.63	635.33
Others	650.26	588.31
Total revenue from contracts with customers	**1,523.88**	**1,223.64**
Geographical markets		
India	1,523.88	1,223.64
Outside India	-	-
Total revenue from contracts with customers	**1,523.88**	**1,223.64**
Timing of revenue recognition		
Services transferred at a point in time	1,523.88	1,223.64
Services transferred over time	-	-
Total revenue from contracts with customers	**1,523.88**	**1,223.64**

NOTE 45 There have been no events after the reporting date that require disclosure in these financial statements.

NOTE 46 EXPLANATION TO TRANSITION TO IND AS

As stated in note 2, these are the Group's first consolidated financial statements prepared in accordance with Ind AS. For the year ended 31 March 2018, the Group had prepared its consolidated financial statements in accordance with Previous GAAP.

The accounting policies set out in note 3 have been applied in preparing these financial statements for the year ended 31 March 2019 including the comparative information for the year ended 31 March 2018 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2017.

In preparing the Ind AS balance sheet as at 1 April 2017 and in presenting the comparative information for the year ended 31 March 2018, the Group has adjusted amounts reported previously in the consolidated financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with Previous GAAP, and how the transition from Previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1. Property plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a Previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

– fair value; or

– cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with Previous GAAP) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Group has elected to continue with the carrying values under Previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

2. **Designation of previously recognised financial instruments**

   Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at FVOCI based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition).

   The Group has opted to avail this exemption to designate equity investments (other than investment in subsidiary) as FVOCI on the date of transition.

B. **Mandatory exceptions**

1. **Accounting estimates**

   As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

   As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

   The Group's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the Previous GAAP are listed below:

   - Fair valuation of financial instruments carried at FVOCI.
   - Impairment of financial assets based on the expected credit loss model.
   - Determination of the discounted value for financial instruments carried at amortised cost.
   - EIR on borrowings.
   - Expected life of portfolio.
   - Classification of equity and liability.

2. **Derecognition of financial assets and liabilities**

   As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

   The Group has elected to apply the de-recognition criteria for financial assets/liabilities prospectively. Hence, it has not recognised any financial assets/financial liabilities previously de-recognised.

3. **Classification and measurement of financial assets**

   Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

   Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

4. **Impairment of financial assets**

   The Group is required to assess the impairment of financial assets based upon the new model i.e. ECL instead of rule based guidance (RBI and NHB Prudential Norms) as prevailed under Previous GAAP.

   Accordingly, the Group has applied the impairment requirement of Ind-AS 109 on all financial assets recognised as per Ind-AS 109 retrospectively except:

   1. The Group has sought to approximate the credit risk on initial recognition by considering all reasonable and supportable information that is available without undue cost or effort.
   2. The Group has determined whether the financial asset is having low credit risk, as specified in Ind-AS 109, and whether there is a significant increase in credit risk since initial recognition of financial assets by applying rebuttable presumption of 30 days past due.
   3. If the Group is unable to determine whether there is a significant increase in credit risk since initial recognition of a financial asset, without involving undue cost or effort, the Group shall recognise a loss amount equal to life time expected losses at each reporting date till the financial asset is derecognised.

   Accordingly, the Group has developed ECL model for testing of impairment of loans and advances.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

Reconciliation of equity*

(₹ In Lakhs)

	Note	As at date of transition 1 April 2017			As at 31 March 2018		
		Previous GAAP#	Adjustment on transition to Ind AS	Ind AS	Previous GAAP#	Adjustment on transition to Ind AS	Ind AS
ASSETS							
Financial assets							
Cash and cash equivalents		4,653.24	-	4,653.24	4,938.23	-	4,938.23
Bank balance other than cash and cash equivalents		846.14	-	846.14	1,024.89	-	1,024.89
Loans	1(b), 3, 4, 5, 7	209,140.39	1,447.55	210,587.94	268,870.02	5,697.01	274,567.03
Investments	1(a)	0.70	8.02	8.72	0.70	8.79	9.49
Other financial assets		2,030.73	-	2,030.73	3,059.38	-	3,059.38
Total financial assets		**216,671.20**	**1,455.57**	**218,126.77**	**277,893.22**	**5,705.80**	**283,599.02**
Non-financial assets							
Income tax assets (net)		181.13	-	181.13	189.03	-	189.03
Deferred tax assets (net)	10	422.26	(263.61)	158.65	-	116.60	116.60
Property, plant and equipment		860.62	-	860.62	5,758.96	-	5,758.96
Other intangible assets		13.80	-	13.80	19.08	-	19.08
Other non-financial assets		683.49	-	683.49	270.82	(0.19)	270.63
Total non-financial assets		**2,161.30**	**(263.61)**	**1,897.69**	**6,237.89**	**116.41**	**6,354.30**
Total assets		**218,832.50**	**1,191.96**	**220,024.46**	**284,131.11**	**5,822.21**	**289,953.32**
LIABILITIES AND EQUITY							
LIABILITIES							
Financial liabilities							
Payables							
Trade payables							
(i) total outstanding dues of micro and small enterprises		-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro and small enterprises		275.93	-	275.93	360.72	0.03	360.75
Debt securities	4, 8	10,997.97	4,442.43	15,440.40	5,999.95	(25.54)	5,974.41
Borrowings (other than debt securities)	4	120,053.41	292.91	120,346.32	139,191.24	301.47	139,492.71
Subordinated liabilities	8	4,747.10	8,616.14	13,363.24	-	-	-
Other financial liabilities	6	50,890.56	-	50,890.56	62,672.55	(1,043.86)	61,628.69
Total financial liabilities		**186,964.97**	**13,351.48**	**200,316.45**	**208,224.46**	**(767.90)**	**207,456.56**
Non-financial liabilities							
Current tax liabilities (net)		304.62	-	304.62	566.00	-	566.00
Provisions		69.80	-	69.80	84.09	-	84.09
Deferred tax liabilities (net)	10	56.49	(56.49)	-	(617.41)	1,884.61	1,267.20
Other non-financial liabilities		338.51	-	338.51	387.66	1,037.29	1,424.95
Total non-financial liabilities		**769.42**	**(56.49)**	**712.93**	**420.34**	**2,921.90**	**3,342.24**
Total liabilities		**187,734.39**	**13,294.99**	**201,029.38**	**208,644.80**	**2,154.00**	**210,798.80**
EQUITY							
Equity share capital		4,695.62	(400.00)	4,295.62	5,866.20	(400.00)	5,466.20
Other equity	1 to 10	25,352.66	(11,826.43)	13,526.23	68,488.74	3,963.94	72,452.68
Equity attributable to the owners of the Holding Company		**30,048.28**	**(12,226.43)**	**17,821.85**	**74,354.94**	**3,563.94**	**77,918.88**
Non-controlling interest		**1,049.83**	**123.40**	**1,173.23**	**1,131.37**	**104.27**	**1,235.64**
Total equity		**31,098.11**	**(12,103.03)**	**18,995.08**	**75,486.31**	**3,668.21**	**79,154.52**
Total liabilities and equity		**218,832.50**	**1,191.96**	**220,024.46**	**284,131.11**	**5,822.21**	**289,953.32**

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2018 *

		Note	Previous GAAP #	Adjustment on transition to Ind AS	Ind AS
I.	**Revenue from operations**				
	Interest income	4, 5, 6, 7	44,659.18	(6,210.96)	38,448.22
	Gain on assignment of financial assets	7	-	8,005.67	8,005.67
	Fees and commission income	7	596.07	627.57	1,223.64
	Total revenue from operations		**45,255.25**	**2,422.28**	**47,677.53**
	Other income		3.06	-	3.06
	Total income		**45,258.31**	**2,422.28**	**47,680.59**
II.	**Expenses**				
	Finance costs	4, 8	16,729.09	1,896.64	18,625.73
	Fees and commission expense		506.03	-	506.03
	Impairment on financial assets	3	4,540.17	(188.29)	4,351.88
	Employee benefits expenses	2	4,155.03	71.30	4,226.33
	Depreciation and amortization		164.03	-	164.03
	Others expenses	8	3,021.02	8.57	3,029.59
	Total expenses		**29,115.37**	**1,788.22**	**30,903.59**
	Profit before exceptional items and tax (I - II)		**16,142.94**	**634.06**	**16,777.00**
	Exceptional items		-	-	-
III.	**Profit before tax**		**16,142.94**	**634.06**	**16,777.00**
IV.	**Tax expense:**				
	Current tax		5,813.40	-	5,813.40
	Short / (excess) provision for tax relating to prior years		(0.69)	-	(0.69)
	Net current tax expense		5,812.71	-	5,812.71
	Deferred tax	10	(251.64)	696.90	445.26
	Net tax expense		**5,561.07**	**696.90**	**6,257.97**
V.	**Profit for the year (III - IV)**		**10,581.87**	**(62.84)**	**10,519.03**
VI.	**Other comprehensive income**				
	(A) Items that will not be reclassified to profit or loss:				
	Remeasurement of the defined benefit liabilities	2	-	2.53	2.53
	Income tax impact on above	2	-	(0.70)	(0.70)
	Equity instruments through other comprehensive income	1(a)	-	0.77	0.77
	Income tax impact on above	1(a)	-	(0.27)	(0.27)
	Total		**-**	**2.33**	**2.33**
	(B) Items that will be reclassified to profit or loss:				
	Loans and Advances through other comprehensive Income	1(b)	-	2,471.74	2,471.74
	Income tax relating to items that will be reclassified to profit or loss	1(b)	-	(863.72)	(863.72)
	Total		**-**	**1,608.02**	**1,608.02**
	Other comprehensive income (A+B)		**-**	**1,610.35**	**1,610.35**
VII.	**Total comprehensive income for the year (V + VI)**		**10,581.87**	**1,547.51**	**12,129.38**

* Ind AS 101 requires reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with Ind AS and a reconciliation to its total comprehensive income in accordance with Ind AS for the latest period in the entity's most recent annual financial statements. The Group has chosen to provide reconciliation of amount reported in accordance with previous GAAP to amount reported under Ind AS for each line item of balance sheet and statement of profit and loss as an additional disclosure.

The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

Notes to the reconciliations

1) FVOCI of financial assets

a) **Investments**

Under Previous GAAP, the Holding Company accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries have to be fair valued. At the date of transition to Ind AS, difference between the instruments fair value and Previous GAAP carrying amount has been recognised as a separate component of equity, in the FVOCI reserve, net of related deferred taxes. Accordingly, an amount of ₹ 0.77 lakh has been recognised in OCI for the year ended 31 March 2018. Further an amount of ₹ 8.02 lakhs has been recognised as increase in investments as on 1 April 2017.

b) **Loans and advances**

The Holding Company has business model of sale the loan portfolio through assignment or hold the loan portfolio and therefore, the Holding Company recognizes its loan portfolio through FVOCI as per IND AS 109. While under Previous GAAP, loans and advances were carried at their carrying amount. Accordingly, at the date of transition to Ind AS, difference between the fair value of loan and Previous GAAP carrying amount has been recognised as a separate component of loans and advances, in the FVOCI reserve, net of related deferred taxes. An amount of ₹ 1,651.09 lakhs has been adjusted in retained earning as on 1 April 2017. Further, ₹ 2,471.74 lakhs has been recognised in FVOCI during the year ended 31 March 2018.

2) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in OCI. Under Previous GAAP, the Group recognised actuarial gains and losses in the statement of profit and loss. However, this has no major impact on the total comprehensive income and total equity as at 1 April 2017 or as at 31 March 2018.

3) Loss allowance

Under Previous GAAP, the Group has created provision for impairment of loans to customer as per the guidelines specified by RBI / NHB. Under Ind AS, the Group has recognised impairment loss on loans based on the ECL model as required by Ind AS 109. Consequently, the Group impaired its loans and advances by ₹ 353.31 lakhs on 1 April 2017 which has been eliminated against retained earnings. Further, a reversal of ₹ 188.29 lakhs has been recognised in the statement of profit and loss for the year ended on 31 March 2018.

4) EIR

a) Under Previous GAAP, transaction cost charged to customers were recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using effective interest method. Consequently, loan to customer on the date of transition as on 1 April 2017 have decreased by ₹ 995.20 lakhs which has been eliminated against retained earnings. The impact of ₹ 123.61 lakhs for the year ended on 31 March 2018 has been recognised in the statement of profit and loss.

b) Under Previous GAAP, transaction cost incurred on borrowings were amortized over the tenure of the loan on straight-line basis while under Ind AS, such cost are included in the initial recognition amount of financial assets and recognised as interest income using effective interest method. Consequently, borrowings on the date of transition date have increased by ₹ 14.85 lakhs and interest expenses for the year ended 31 March 2018 has decreased by ₹ 10.82 lakhs.

5) Interest reversal on stage 3 financial assets

Under Previous GAAP, the Group did not accrue interest on stage 3 assets. Under Ind AS, the Group has recognized interest on stage 3 assets resulting into an income of ₹ 282.99 lakhs on the date of transition which has been recognised in retained earnings. The impact of ₹ 9.20 lakhs for the year ended 31 March 2018 has been adjusted in the statement of profit and loss.

6) Security deposits initially recognised at amortised cost

Under Previous GAAP, the Group accounted for refundable security deposits liability taken from customers at carrying cost. Under Ind AS, these deposits have been accounted at amortised cost determined using the appropriate market rate.

7) Assignment of loan portfolio

The Group derecognizes the loan portfolio assigned to assignees. Under Previous GAAP, interest income spread on the loan portfolio assigned (net of minimum retention ratio) was recognized as and when it was accrued, i.e., over the life of the loan given. Under Ind AS, such interest income is recognized upfront i.e., at the time of assignment transaction.

This has resulted in increase in equity as on 1 April 2017 by ₹ 3,884.38 lakhs and as on 31 March 2018 by ₹ 1,945.59 lakhs.

Notes

Forming Part of the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

8) Convertible instruments

Under Previous GAAP, convertible instruments were disclosed at their carrying amount and classified as equity. Under Ind AS, these instruments are segregated into equity and financial liability measured at amortised cost as per Ind AS 32. Accordingly, on the date of transition, a total impact of ₹ 13,336.61 lakhs on account of convertible instruments has been adjusted against retained earnings. For the year ended 31 March 2018, an impact of ₹ 1,221.69 lakhs and a positive impact of ₹ 14,286.42 lakhs has been recognised in the statement of profit and loss and retained earnings respectively.

Under Previous GAAP, dividend / interest in respect of shares / debt were recorded in retained earning and the statement of profit and loss respectively. Under Ind AS, since some of these convertible instruments are classified as financial liability, the dividend and corresponding dividend distribution tax amounting to ₹ 36.47 lakhs arising on account of these instruments has been adjusted against the statement of profit and loss for the year ended 31 March 2018.

9) Other comprehensive income

Under Previous GAAP, the Group did not present OCI separately. Hence, it has reconciled Previous GAAP profit and loss to statement of profit and loss as per Ind AS. Further, Previous GAAP profit and loss is reconciled to total comprehensive income as per Ind AS.

10) Deferred tax

Previous GAAP requires deferred tax accounting using the profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences arising on account of transitional differences adjustments which were not required under Previous GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

In terms of our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

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

Nirav Patel
Partner
Membership No: 113327

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

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

Riddhi B. Bhayani
(Company Secretary & Compliance Officer)
(Membership No: A41206)

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

Ahmedabad
8 May 2019

Ahmedabad
8 May 2019

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]

MAS FINANCIAL SERVICES LIMITED
CIN: L65910GJ1995PLC026064
Registered Office: 6, Narayan Chambers, Ground Floor, B/h. Patang Hotel, Ashram Road, Ahmedabad – 380009.

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 24th Annual General Meeting of members of the Company, to be held on Wednesday, 26th Day of June, 2019 at H. T. Parekh Convention Centre, 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
Ordinary Business	
1.	To receive, consider and adopt audited Standalone and Consolidated financial statements of the Company for the year ended on March 31, 2019 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 Mrs. Darshana Saumil Pandya (DIN 07610402), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers herself for re-appointment.
Special Business	
4.	Appointment of Mrs. Daksha Niranjan Shah (DIN: 00376899) as a Woman Independent Director of the Company for a term of 1 year.
5.	Re-appointment Mr. Kamlesh C. Gandhi (DIN: 00044852) as the Managing Director of the Company for a term of 5 years.
6.	Re-appointment Mr. Mukesh C. Gandhi (DIN: 00187086) as the Whole time Director of the Company for a term of 5 years.
7.	Re-appointment Mr. Balabhaskaran (DIN: 00393346) as an Independent Director of the Company for a term of 5 years.
8.	Re-appointment Mr. Chetan Shah (DIN: 02213542) as an Independent Director of the Company for a term of 5 years.

Signed this __________day of ___________ 2019.
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.

ATTENDANCE SLIP – 24th 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 FOURTH ANNUAL GENERAL MEETING of the Company at H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, on Wednesday, June 26, 2019 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

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