EXCELLENCE THROUGH ENDEAVOURS
MAS
FINANCIAL SERVICES LTD.
The Power of Distribution

MAS FINANCIAL SERVICES LIMITED

MFSL/SEC/EQ/2021/49

July 29, 2022

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

Scrip Code: **540749, 947381**

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: Annual Report of MAS Financial Services Limited for the financial year 2021-22.

Pursuant to Regulation 30 and Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed herewith Notice of Annual General Meeting of the Company for the FY 2020-21 to be held through Video Conferencing/ Other Audio Visual Means in accordance with Ministry of Corporate Affairs ("MCA") vide Circular No. 14/2020 dated April 08, 2020, followed by Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 22/2020 dated June 15, 2020, Circular No. 33/2020 dated September 28, 2020, Circular No. 39/2020 dated December 31, 2020, Circular No. 02/2021 dated January 13, 2021 Circular No. 10/2021 dated June 23, 2021, Circular No. 21/2021 dated December 14, 2021 and Circular No. 02/2022 dated May 5, 2022 along with Circular issued by Securities and Exchange Board of India ("SEBI") vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 ("Circulars").

In compliance with above Circulars issued by MCA and SEBI, the Annual Report of the Company for the FY 2021-22 is being sent to all the members of the Company whose email addresses are registered with the Company or Depository Participant(s).

The Annual Report for the FY 2021-22 is also being made available on the website of the Company at: https://www.mas.co.in/

MAS FINANCIAL SERVICES LIMITED
MAS
AHMEDABAD

The Power of Distribution

MAS FINANCIAL SERVICES LIMITED

Following are important dates in this regards:

Sr. No.	Particulars	Date
1.	Book Closure	Thursday, August 18, 2022 to Wednesday, August 24, 2022 (both days inclusive)
2.	Cut-off Date for E-Voting & Final Dividend	Wednesday, August 17, 2022
3.	E-Voting	Commences at 09:00 A.M. on Saturday, August 20, 2022 and ends at 05:00 P.M. on Tuesday, August 23, 2022
4.	Date of AGM	Wednesday, August 24, 2022 at 11:30 A.M.

Kindly take the same on your record.

Thanking you,
Yours faithfully,

FOR, MAS FINANCIAL SERVICES LIMITED

Riddhi

MAS FINANCIAL SERVICES LIMITED AHMEDABAD

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

Regd. Office :
6, Ground Floor, Narayan Chambers,
B/h Patang Hotel, Ashram Road, Ahmedabad-380 009.
CIN : L65910GJ1995PLC026064
+ 91(O) 079 4110 6500 / 079 3001 6500
+ 91(O) 079 4110 6597,+ 91 (O) 079 4110 6561
www.mas.co.in
mfsl@mas.co.in

EXCELLENCE THROUGH ENDEAVOURS
MAS
FINANCIAL SERVICES LTD.

The Power of Distribution

27TH ANNUAL REPORT

2021-22

What's Inside

CORPORATE OVERVIEW

STATUTORY REPORTS

FINANCIAL STATEMENTS

Standalone

Consolidated

www.mas.co.in
Visit Company's official website to download the Annual Report.

The reviving economy demonstrated a symbiotic relationship between our vision and our customers' advancement.

EFFICIENT.
AS AN EFFICIENT DISTRIBUTOR OF FINANCIAL SERVICES,
ECONOMICAL.
WE ENSURE THAT OUR CUSTOMERS GET FUNDS AT AFFORDABLE RATES,
EMPOWER.
AND EMPOWERED OUR CUSTOMERS WITH AFFORDABLE CREDIT.

We have been lending to the low- and middle-income sectors, empowering them to invest in productive ventures and join the financial mainstream. Over time, this process of affordable borrowing, investing and achieving growth, brings prosperity to them and encourages them to forge long-lasting relationships with us. As they advance in their business lifecycles, their connections with us get stronger and this enables us to grow. Our expansion and stronger foundations enable us to meet their needs more holistically and efficiently.

We have enkindled a virtuous cycle between the business progress of our customers and our own growth.

Founder and CMD's Message

AS WE MOVE FORWARD, WE INTEND TO STAY ANCHORED TO OUR BELIEF THAT GROWTH ALONG WITH QUALITY IS THE KEY TO ENHANCE SHAREHOLDERS' VALUE.

Dear Shareholders,

The year gone by has been marked by recovery in the economy. It has also endorsed your Company's ability to deliver a strong performance in good and bad times. Although the country experienced two waves of COVID-19 during FY2022 – the second and third wave – which resulted in partial lockdowns in various states and health and economic hardships for citizens, we stayed strong and continued to support our customers.

We resumed our growth path with a 16.27% growth in AUM in FY2022 to ₹ 6,246.8 crore, while our revenue increased from ₹ 593.9 crore to ₹ 657.5 crore and our PAT climbed from ₹ 143.5 crore to ₹ 157.8 crore. I am pleased to declare a final dividend of ₹ 1.75 per equity share as an endeavour to reward the shareholders who have put so much faith in us throughout this journey of more than 25 years.

With respect to our liabilities management, your Company withstood the litmus test very successfully during this most challenging period. The composition of our liability mix ensured healthy ALM and a well diverse resource mix, providing a testimony to its very efficient liability management. Our capital adequacy ratio, as on 31st March 2022, stood at 26.35% against regulatory norms of 15% and our Tier I capital was 23.08% as against requirement of 10%. Our Tier II capital was just 3.27%, which will increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen ALM.

Around 75% of our portfolio is channelled towards MSME loans, which qualifies as Priority Sector Lending. Through direct assignment and co-lending transactions, with door-to-door maturity and derisking, we are further strengthening our liability management. There are sufficient tie-ups for the line of credit under these arrangements also.

Over a longer term horizon too, despite economic up-cycles and down-cycles and various micro and macro headwinds, including demonetisation, GST, the NBFC liquidity crisis and COVID, amongst others, we have displayed resilience and delivered robust and sustainable growth. During the past 15 years, since we first raised capital, our AUM has increased at a CAGR of 24.58% between FY2007 and FY2022 while our PAT and Net Worth have grown at CAGRs of 23.21% and 31.62%, respectively. Our Net Stage 3 Assets remained below 2.00% over the period and we maintained a healthy return on assets and equity. Most importantly, our growth journey was fuelled predominantly from internal accruals which clearly differentiates us in the industry where capital is raised very frequently. All these strong enablers have given us the confidence to expect consistent and steady growth momentum in the future too.

As we move forward, we intend to stay anchored to our belief that growth along with quality is the key to enhance shareholders' value. We anticipate growth for the next five years to be in the range of 20% - 25% with scope to recalibrate it depending on the macro situation, prioritising asset quality and profitability, thereby maintaining healthy ROA and ROCE.

We will continue serving the informal LIG and MIG class of customers spread over rural, semi urban and urban areas leveraging our experience of two and a half decades and striving to add value to our clients.

We also believe that the SME and Housing finance sectors offers huge potential and we plan to maintain adequate focus on these as they are expected to be our key growth drivers. Our distribution network, within our current states in operation, will be strengthened and we will endeavour to provide one of the most efficient financial services, which we term as the Power of Distribution. We will also explore the potentiality of entering into new geographies. Our distribution through various NBFCs, which has exhibited an immaculate track record over a long period of more than 10 years, also plays an important part in serving the underserved efficiently. However, swift expansion of our own distribution network will result in a progressively larger percentage of business being sourced and serviced through our own network.

Technology plays a very important role in increasing reach and efficiencies. Our focus on technology will result in digitising our product cycles. This, along with selective tie-ups with fintechs, will enable us to create an optimum technology platform, which will enable us to deliver the last-mile of credit to our borrowers very effectively and also increase our penetration.

With respect to liability management, we will continue to maintain an ideal debt resource mix, ensuring continuous flows of funds while maintaining optimum utilisation of capital. The assets created by the Company are expected to generate good securitisation/assignment/co-lending demand and this will enable us to de-risk and maintain the off-book portfolio.

Towards achieving operational excellence, we will continue 'Learning and Unlearning', which is a constant endeavour at MAS and will strive to improve the efficiency in all areas of operation.

I would like to take this opportunity to thank all our stakeholders for the confidence that they have placed in us and we look forward to rewarding this trust with sterling and sustainable results. I would especially like to thank our employees and our core team, in particular, for being the bedrock of strength on which we have been able to stay resilient throughout tough times. I sincerely acknowledge the support of all the stakeholders.

Before I sign off, let me reiterate on behalf of Team MAS our commitment to our mission of "Excellence through Endeavours" and maximising shareholders' value.

Kamlesh C. Gandhi
Chairman and Managing Director

Corporate Snapshot

As India progresses towards its aspiration of attaining nationwide financial inclusion, MAS Financial Services supports this larger goal by financially empowering individuals and enterprises, especially those segments that are at the inception of their formal financial journey, with access to credit. Our offerings span retail financing products for MSMEs, home loans, two-wheeler loans, used car loans and commercial vehicle loans. Essentially, we cater to the needs of retail customers, particularly those in the low-income and middle-income segments, and offer enterprise loans to MSMEs.

The Company was registered with the Reserve Bank of India as an NBFC in 1995. Since then, we have expanded our presence in urban, semi-urban and rural areas through 125 branches in 7 territories: Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu, Karnataka, and Delhi NCR. By the end of March 2022, we have 6,75,000+ active customers, in formal and informal sectors, often taking financial services to the customers' doorstep.

We have devised alternative means to assess the credibility of our customers, who typically may lack a formal financial sector credit history and adequate paperwork to prove their eligibility. This enables us to gauge the repayment ability of our target borrowers and issues credit to a wider spectrum of target borrowers, without compromising our Return on Capital Employed (RoCE). To ensure an additional layer of security, our people analyse the creditworthiness of our borrowers by engaging with them on a regular basis.

Our aim is to be geographically present in all regions and become a leading lender. To achieve and retain this advantage, we leverage the distribution network of our partners, which include non-banking finance companies (NBFCs), microfinance institution NBFCs, housing finance companies and franchisees – to reach out to those who are financially unserved and under-served.

BOUQUET OF PRODUCTS

Micro Enterprise Loan

The micro-enterprise space in India is vast and full of aspiration. To enable this segment of the economy to achieve growth, we offer micro enterprise loans.

Small & Medium Enterprises (SME) Loan

We have a spectrum of credit offerings for SMEs including machinery loans, industrial shed loans, working capital loans and loans against property.

Two-Wheeler Loan

We empower our self-employed and salaried customers to achieve their dream of personal mobility with our two-wheeler loans.

Commercial Vehicle

Our commercial vehicle loans for both new and used vehicles support entrepreneurs in executing their business distribution strategies more effectively and cost efficiently.

Home Loan

We offer affordable housing loans for middle and low-income individuals for the purchase of new and old houses through our subsidiary - MAS Rural Housing and Mortgage Finance Ltd., which also offers loans for home improvement, purchase and construction of commercial property. We also extend loans to developers for construction of affordable housing projects.

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.

BELIEFS

"We have miles to go & Promises to keep..."

"Together we can and we will"

JOURNEY THIS FAR

1995
- Year of 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 housing finance subsidiary

2011
Listed NCDs on Bombay Stock Exchange

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

2013
Disbursement & 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 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

- Listed Equity Shares on Bombay Stock Exchange & National Stock Exchange
- Received additional capital infusion of ₹ 350 Mn. from Motilal Oswal and raised fresh capital of ₹ 2,330 Mn. through an IPO

2019

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

2020

- Completed 25 years of operations
- AUM crossed ₹ 60 Bn. on a consolidated basis

2021

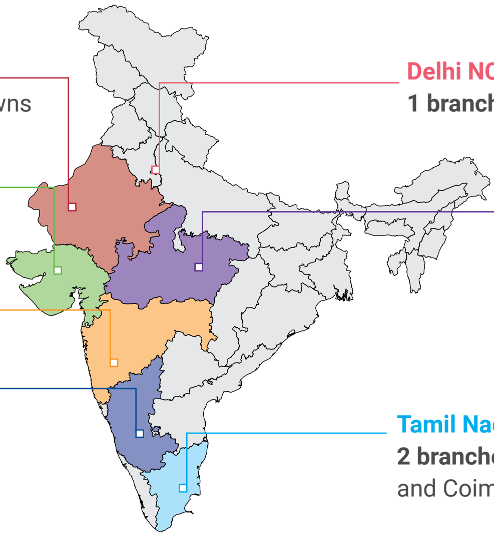
- Inclusive Finance India Award 2020 – NBFC lending to Micro and Small Enterprises
- Raised ₹ 650 Mn. via market-linked NCDs (MLD)

2022

- Consolidated AUM crossed ₹ 65 Bn.
- ASSOCHAM 8th MSMEs Execellence Awards March 2022 – Best MSME Lending of the Year

PAN-INDIA FOOTPRINT

Strong Retail Presence & Distribution Network



Rajasthan
19 branches covering major towns

Gujarat
54 branches across the state

Maharashtra
26 branches covering major towns

Karnataka
1 branch in Bengaluru

Delhi NCR
1 branch

Madhya Pradesh
22 branches covering major towns

Tamil Nadu
2 branches in Chennai and Coimbatore

Map not to scale. For Illustrative purpose only.

STRATEGIC ADVANTAGES

Vast market opportunity

We meet the financial needs of a large and growing base of retail borrowers who have hitherto been overlooked by the formal financial sector. As aspirations and incomes grow within the country, the size of our market increases.

Wide and deep pan-India reach

With a geographic footprint in 7 territories across the country, with 4,438 service points, and the promise of doorstep delivery of services, we have been able to reach out to customers across the interiors of the country.

Robust Liability Management and Asset Creation

Our capital requirements are met predominantly from internal accruals and we focus on maintaining a healthy ALM. While creating assets, we follow the rule of 'Credit where it is due' which enables us to ensure the right product mix and add value to our unique distribution model.

A broad spectrum of loan products

With our finger on the pulse of our target group of middle- and low-income families, we have been steadily expanding the range of our loan offerings, to include new and customised products, which encourage social mobility and employment prospects.

People-centric approach

While we have technology at our core, to facilitate our employees and customers, we continue to focus on people engagement and satisfaction as our goal. Thanks to our committed employees, we have been able to deliver and delight our customers and earn their loyalty, while supporting our partners and winning the trust of our stakeholders.

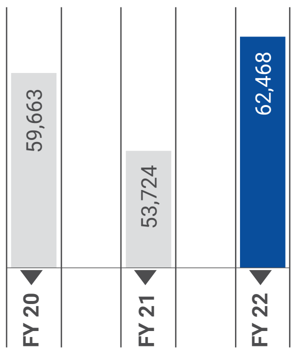
Local partnerships

Through our extensive network of 151 partner companies, we gain access to borrowers in the formal and informal sectors of the urban, semi-urban and rural areas who prefer to deal with local rather than pan-India intermediaries.

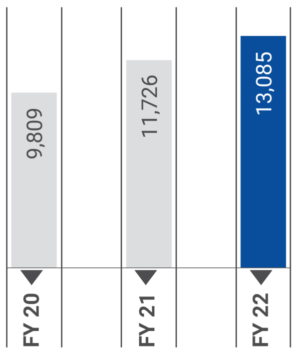
Financial Performance Summary

With a pick-up in economic activity, we have been able to support our customers with renewed funding. In spite of the second and third wave of COVID-19 impacting FY2022, we have staged a good performance at all levels.

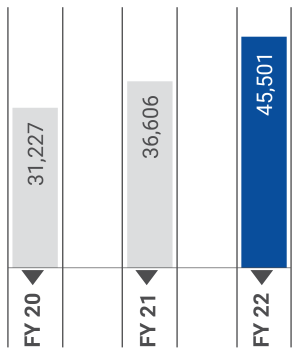
Assets Under Management
(In ₹ Mn.)



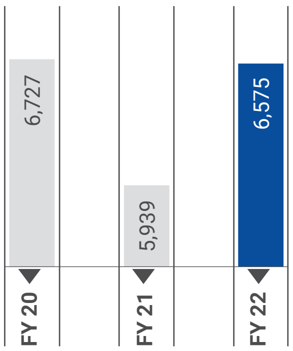
Net Worth
(In ₹ Mn.)



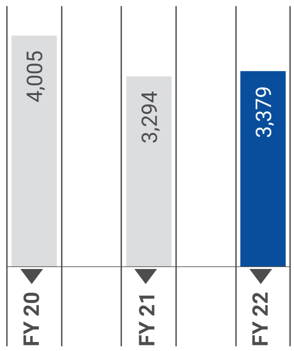
Borrowings
(In ₹ Mn.)



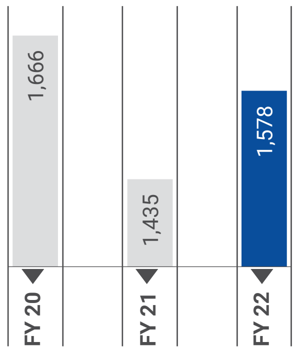
Revenue
(In ₹ Mn.)



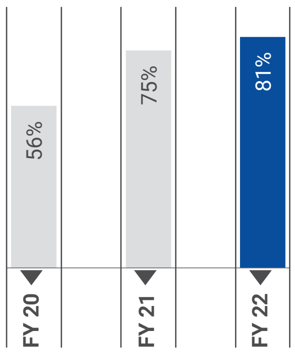
Net Interest Income
(In ₹ Mn.)



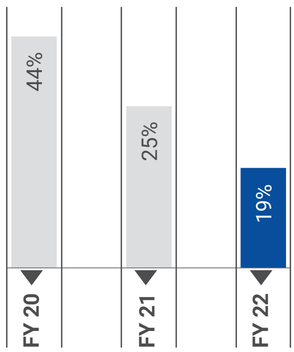
Profit After Tax
(In ₹ Mn.)



On Book AUM
(%)



Off Book AUM
(%)



Facilitators of Robust Growth in the New Normal

- Experience of 27 years
- Agile Management
- Robust Capitalisation
- Quality Portfolio
- Adequate Liquidity

LEVERAGING TECHNOLOGY ACROSS THE SPECTRUM TO HARNESS EFFICIENCY

ORIGINATION

- Centralised Onboarding System to capture new leads data digitally
- Captured Leads authenticated via mobile OTP
- Efficient & Seamless Application Management (Applicant, Co-Applicant & Guarantor)
- Customised Document Upload with pre-defined checklist & input validation
- Preliminary eligibility check (positive/negative) for further credit underwriting

DECISIONING

Assess Creditworthiness through pre-set Business Rules Engine (BRE) & APIs plug-ins

- eKYC – Enables paperless verification of Customer's Identity, Address, DOB etc. (PAN/Aadhaar/DL/EC)
- Credit Bureau Check – Integrated API services to check customer past behaviour, fraud detection/prevention, & trigger bureau score
- Seamless process to fetch Corporate data such as financials, charges, shareholding, associates, litigation/defaults etc. (Corpository Platform)
- Income Analyser Tool – Customer Bank Statement / GSTR are automatically assessed to ensure current income and obligations

OPERATIONS

- Remote Digital Signatures – eSign permits paperless documentation wherein loan agreement is shared digitally with customer for review and e-signing (eSign / eStamp APIs)
- C-KYC management system for fast and accurate compliance
- Customer Engagement – Regular and timely updates to customers via WhatsApp, SMS & Email Services APIs

DISBURSEMENT & COLLECTION

- 100% Cashless / E-disbursement of loan amount
- eNACH permits paperless repayment setup
- Easy e-repayment facility via Paytm, BillDesk, and BharatPe for convenient and timely EMI payment

Celebrating 25 years of MAS

It has been a long and eventful journey and MAS has reasons to be determined for its next phase of stupendous growth. We have come this far due to the commitment and capabilities of our people. To mark the event, we organised a grand get-together for all our people at YMCA, Ahmedabad in May 2022.

Corporate Social Responsibility

At MAS, caring for communities is a way of life. During FY 2021-22, we have initiated various activities and contributed to causes that are close to our heart.

MAS Arogya Abhiyan Donation at CIMS Hospital, Ahmedabad

Shiksha Abhiyan: Computer distribution in the Schools of Rural Areas of Ahmedabad and Gandhinagar, Gujarat

MAS Menstrual Hygiene Programme: Promoting Sanitation in Rural Areas

MAS Menstrual Hygiene Programme: Promoting Sanitation in Rural Areas

Shiksha Abhiyan: Distribution of Books & Bags in the Schools of Rural Areas of Ahmedabad and Gandhinagar, Gujarat

Board of Directors

Mr. Kamlesh C. Gandhi
Founder, Chairman & Managing Director

Mr. Kamlesh C. Gandhi is a proficient and experienced industry practitioner with a brilliant track record, which includes over two decades of managing and propelling the Company's growth. He manages the Company with the guidance and support of the Board and his own understanding and vision are among the key enablers for the consistent performance of the Company. He is the member of Banking and Finance taskforce of Gujarat Chambers of Commerce and Industry, Vice Chairman of Gujarat Finance Company Association, Co-Chairman of FIDC, an industry body of NBFCs, Co-Chairman of ASSOCHAM MSME Development Council and a member of SME Chamber of India. He is also the Managing Trustee of Smt. Urmilaben Chimanlal Gandhi Foundation. The Foundation currently contributes towards the financial needs in health care and education.

Mrs. Darshana S. Pandya
Director & CEO

Mrs. Darshana S. Pandya is responsible for leading the operations at MAS. She is also the driving force behind forging relationships between the Company and its partners which amount to over 100 NBFC-MFIs and NBFCs. After completing her graduation in Commerce, she joined the Company in 1996 as a junior executive. Through her hard work and determination to excel and with support from the management, she has risen to the level of Director & CEO.

Mr. Balabhaskaran N. Nair
Independent Director

Mr. Balabhaskaran N. Nair is a management graduate with two decades of experience in the consultancy and financial sector. Over the years, with his rich work experience, he has gathered a number of management consultancy inputs. He has done his engineering from IIT-Madras, MBA from IIM-Bangalore and CFA from ICFAI.

Mr. Chetan R. Shah
Independent Director

Mr. Chetan R. Shah holds a bachelor's degree in commerce and a degree in law (general) from Gujarat University. He is also a qualified Chartered Accountant registered with the Institute of Chartered Accountants of India. He has over three decades of experience in the financial services sector and has worked with the Natpur Co-operative Bank in the capacity of Manager – Finance.

Mr. Umesh R. Shah
Independent Director

Mr. Umesh R. Shah is a qualified Chartered Accountant. He has over three decades of experience in diverse fields connected with Finance, Accounting, Auditing and Taxation. He also has 5 years of hands-on experience of working in an NBFC.

Mrs. Daksha Niranjan Shah
Independent Director

Mrs. Daksha Niranjan Shah is a business graduate from Indian Institute of Management (IIM), Ahmedabad, where she specialised in Finance and Marketing; she is also a student of Economics and Statistics. She has rich experience of more than three decades in diversified fields of Textiles, Chemicals and Financial services. She has undergone various courses such as the course in Microfinance at the Economic Institute, Boulder, Colorado, USA.

Corporate Information

CORPORATE IDENTIFICATION NO.:
L65910GJ1995PLC026064

REGISTERED OFFICE ADDRESS :
6, Ground Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009.

LISTED ON STOCK EXCHANGE:
National Stock Exchange of India Limited (NSE) & BSE Limited (Bombay Stock Exchange)

BOARD OF DIRECTORS:
Mr. Kamlesh C. Gandhi
(Chairman & Managing Director) (DIN: 00044852)

Mrs. Darshana S. Pandya
(Director & Chief Executive Officer) (DIN: 07610402)

Mr. Balabhaskaran Narayanan Nair
(Non-Executive Independent Director) (DIN: 00393346)

Mr. Chetan Ramniklal Shah
(Non-Executive Independent Director) (DIN: 02213542)

Mr. Umesh Rajanikant Shah
(Non-Executive Independent Director) (DIN: 07685672)

Mrs. Daksha Niranjan Shah
(Non-Executive Independent Director) (DIN: 00376899)

CHIEF FINANCIAL OFFICER:
Mr. Ankit Jain

COMPANY SECRETARY & COMPLIANCE OFFICER:
Ms. Riddhi Bhaveshbhai Bhayani (Mem. No. A41206)

STATUTORY AUDITORS:
M/s. Mukesh M. Shah & Co.
Chartered Accountants
Firm's Registration No. 106625W

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 TRUSTEE:
CATALYST TRUSTEESHIP LTD.
GDA House, Plot No. 85, Bhusari Colony,
Paud Road, Pune - 411 038
Contact No.: 022-49220555
Email ID: ComplianceCTL-Mumbai@ctltrustee.com

AUDIT COMMITTEE MEMBERS:
Mr. Balabhaskaran Narayanan Nair (Chairman)
Mrs. Darshana Pandya (Member)
Mr. Chetan Ramniklal Shah (Member)
Mr. Umesh Rajanikant Shah (Member)

STAKEHOLDERS RELATIONSHIP COMMITTEE MEMBERS:
Mr. Balabhaskaran Narayanan Nair (Chairman)
Mrs. Darshana Pandya (Member)
Mr. Chetan Ramniklal Shah (Member)

NOMINATION & REMUNERATION COMMITTEE MEMBERS:
Mr. Balabhaskaran Narayanan Nair (Chairman)
Mr. Chetan Ramniklal Shah (Member)
Mr. Umesh Rajanikant Shah (Member)

CSR COMMITTEE MEMBERS:
Mr. Umesh Rajanikant Shah (Chairman)
Mrs. Darshana S. Pandya (Member)
Mr. Balabhaskaran Narayanan Nair (Member)

RISK MANAGEMENT COMMITTEE MEMBERS:
Mr. Chetan Ramniklal Shah (Chairman)
Mrs. Darshana Pandya (Member)
Mr. Umesh Rajanikant Shah (Member)

LIST OF BANKING RELATIONSHIPS & SUBSCRIBERS TO DEBT ISSUES

Axis Bank Limited
Bajaj Finance Limited
Bandhan Bank Limited
Bank of Baroda
Bank of India
Bank of Maharashtra
Baroda Gujarat Gramin Bank
Canara Bank
Central Bank of India
DBS Bank India Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IDFC First Bank Limited
Indian Bank
Indian Overseas Bank
IndusInd Bank Limited
Jana Small Finance Bank Limited
Karnataka Bank Limited
Kotak Mahindra Bank Limited
National Bank for Agriculture and Rural Development
Poonawalla Fincorp Limited
Punjab National Bank
SBM Bank (India) Ltd
Shinhan Bank
Small Industries Development Bank of India
State Bank of India
Sundaram Finance Limited
Tamilnad Mercantile Bank Limited
The Federal Bank Limited
The South Indian Bank Limited
Union Bank of India

Notice

NOTICE is hereby given that the Twenty Seventh (27th) Annual General Meeting (AGM) of the members of MAS Financial Services Limited will be held at 11.30 A.M. on Wednesday, August 24, 2022 through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following:

ORDINARY BUSINESS:

1. To receive, consider and adopt audited Standalone and Consolidated Financial Statements of the Company for the financial year ended on March 31, 2022 and the Reports of the Board of Directors and the Auditors thereon.

2. To declare Final Dividend of ₹ 1.75/- per Equity Share of ₹ 10/- each for the financial year ended on March 31, 2022.

3. To appoint a Director in place of Mrs. Darshana 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. To re- appoint Mr. Umesh Shah (DIN: 07685672) as an Independent Director and in this regard to consider and if thought fit to pass the following Resolution, as **Special Resolution**:

   "RESOLVED THAT pursuant to provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (the 'Act'), including the Rules made thereunder read with Schedule IV to the Act and Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations') and other applicable provisions of the SEBI Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Umesh Shah (DIN: 07685672) who was re-appointed by the Board of Directors based on the recommendation of Nomination and Remuneration Committee and in respect of whom a notice in writing pursuant to section 160 of the Act has been received in the prescribed manner, be and is hereby re-appointed as an Independent Director of the Company for a term of five consecutive years, effective from December 21, 2021 whose office shall not be liable to retire by rotation.

   RESOLVED FURTHER THAT the Board and the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required to give effect to this resolution."

5. Approval for increasing the Borrowing Powers under Section 180(1)(c) of the Companies Act, 2013 up to ₹ 10,000 crores:

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

   "RESOLVED THAT in supersession of the earlier resolution passed at the 25th Annual General Meeting of the members of the Company held on December 9, 2020, the consent of the members be and is hereby accorded under the provisions of Section 180(1)(c) of the Companies Act, 2013, to the Board of Directors to borrow from time to time such sum or sums of money as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from cash credit arrangement, discounting of bills and other temporary loans obtained from company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

   Provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of ₹ 10,000 crores (Rupees Ten Thousand Crores only).

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

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

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

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

   "RESOLVED THAT in supersession of the earlier resolution passed at the 25th Annual General Meeting of the members of the Company held on December 9, 2020 the consent of the members of the Company be and is hereby accorded pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modifications or amendments thereof) and Rules made thereunder, to create security by way of mortgage, hypothecate, pledge and / or charge, in addition to the mortgage, hypothecate, pledge and/or charge already created, in such form, manner and ranking and on such terms as the Board deems fit in the interest of the Company, on all or any of the movable and / or immovable properties of the Company (both present and future) and /or any other assets or properties of the Company and / or the whole or part of any of the undertaking of the Company together with or without the power to take over the management of the business or any undertaking of the Company in case of certain events of defaults, in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, debentures (comprising fully/partly Convertible Debentures and/ or Secured/Unsecured Non-Convertible Debentures or any other securities) or otherwise, in foreign currency or in Indian rupees, from time to time, up to the limits approved or as may be approved by the shareholders under Section 180(1) (c) of the Act (including any statutory modification or re-enactment thereof) along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other monies payable by the Company including any increase as a result of devaluation/ revaluation/fluctuation in the rate of exchange etc.

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

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 : July 06, 2022

NOTES:

1. The Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated May 05, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 19/2021 dated December 08, 2021, Circular No. 21/2021 dated December 14, 2021, and General Circular No.2/2022 dated May 05, 2022 ("MCA Circulars") and other applicable circulars issued by the Securities and Exchange Board of India (SEBI) including Circular No. SEBI/HO/DDHS/DDHS_Div2/P/CIR/2022/079 dated June 03, 2022, has permitted the Companies to conduct the Annual General Meeting ('AGM') through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2022. In accordance with the said circulars of MCA, SEBI and applicable provisions of the Companies Act, 2013 (the 'Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations'), the 27th AGM of the Company shall be conducted through VC/OAVM (hereinafter called 'AGM'). Central Depository Services (India) Limited ("CDSL") will be providing facility for voting through remote e-voting, participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at Note below and is also available on the website of the Company at www.mas.co.in.

2. In terms of sections 101 and 136 of the Act, read with the rules made thereunder, the listed companies may send the notice of AGM and the annual report, including financial statements, boards' report, etc. by electronic mode. Pursuant to the said provisions of the Act read with MCA Circulars and SEBI Circular dated May 13, 2022, Notice of 27th AGM along with the Annual Report for FY2022 is being sent only through electronic mode to those members whose email addresses are registered with the Company/depositories. Members may note that the Notice of the 27th AGM and Annual Report for FY2022 will also be available on the Company's website at www.mas.co.in, website of the stock exchanges i.e., BSE Ltd. ('BSE') at www.bseindia.com and National Stock Exchange of India Ltd. ('NSE') at www.nseindia.com and on the website of CDSL at www.evotingindia.com. In this notice, the term member(s) or shareholder(s) are used interchangeably.

3. The deemed venue for 27th AGM shall be the Registered Office of the Company at 6, Ground Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009.

4. In terms of Section 152 of the Companies Act, 2013, Mrs. Darshana Pandya, (DIN: 07610402), Director and Chief Executive Officer of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI

Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment/ appointment at this AGM is annexed.

5. 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 August 18, 2022 to August 24, 2022 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend.

6. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

7. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders with effect from April 01, 2020. Accordingly, the Company is required to deduct tax at source from dividend subject to the approval of payment of dividend to shareholders. For the prescribed rates for various categories, shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.

8. To support the 'Green Initiative', 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. Further, members holding shares in electronic form are requested to notify the changes in the above particulars, if any, directly to their Depository Participants (DP).

9. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to ravi@ravics.com with a copy marked to riddhi_bhayani@mas.co.in

10. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and pursuant to above mentioned MCA Circulars the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

11. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

12. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

13. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020 and May 05, 2022, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

14. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before August 16, 2022 (upto 05:00 P.M.) through email on riddhi_bhayani@mas.co.in. The same will be replied by the Company suitably.

15. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode.

16. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(i) The voting period begins on Saturday, August 20, 2022 at 09:00 a.m. and ends on Tuesday, August 23, 2022 at 05:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Wednesday, August 17, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.

(iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 and May 13, 2022, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL Depository	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login Type	Helpdesk Details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

1) The shareholders should log on to the e-voting website www.evotingindia.com.

2) Click on "Shareholders" module.

3) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

4) Next enter the Image Verification as displayed and Click on Login.

5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA..
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

(vi) After entering these details appropriately, click on “SUBMIT” tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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 is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that 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.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN: 220727017 for the MAS Financial Services Limited on which you choose to vote.

(x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xii) 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.

(xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

(xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

(xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- 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 linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned 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.

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at his e-mail address ravi@ravics.com and to the Company at the email address viz; riddhi_bhayani@mas.co.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.

2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.

3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.

5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at riddhi_bhayani@mas.co.in. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at riddhi_bhayani@mas.co.in (company email id). These queries will be replied to by the company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDER'S WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to riddhi_bhayani@mas.co.in.

2. For Demat shareholders - please update your email id & mobile no. with your respective Depository Participant (DP)

3. For Individual Demat shareholders – please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

   If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

   All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

Other Instructions:

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than two working days from conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.mas.co.in and on the website of CDSL www.evotingindia.com immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

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 6 of the Notice.

Item No.: 4. Re- appointment of Mr. Umesh Shah (DIN: 07685672) as an Independent Director:

Mr. Umesh Shah (DIN: 07685672), aged 66 years, is an Independent Director of our Company. He is a qualified Chartered Accountant. He has more than three decades 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. Considering his vast experience the Board felt that the service of Mr. Umesh Shah will be benefited for the growth of Company.

As per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their meetings held on October 27, 2021, subject to approval of Members at the ensuing Annual General Meeting, Mr. Umesh Shah (DIN: 07685672), is appointed as an Independent Director of the Company for second term for a period of 5 years, with effect from December 21, 2021 on the terms and conditions as set out in this item of the Notice and whose office shall be not be liable to retire by rotation.

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.

Except Mr. Umesh Shah (DIN: 07685672) is deemed to be interested in this 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 & 6

In terms of the provisions of Section 180 (1) (a) and 180 (1) (c) of the Companies Act, 2013 read with applicable rules framed thereunder, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, dispose of its property (including creation of charge on assets of the Company) and borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves (reserves not set apart for any specific purpose). At the 25th Annual General Meeting of the Company held on December 9, 2020, the shareholders had accorded consent to the Board of Directors for borrowing any sum or sums of money outstanding at any point of time, not exceeding the sum of ₹ 7,500 Crores (Rupees Seven Thousand Five Hundred Crores only). At the same Annual General Meeting of the Company, the shareholders had accorded consent to the Board of Directors for creation of charges etc. to secure aforesaid borrowings. Considering the Company's future growth plans and requirements of additional funds for operation, modernization, it is proposed to increase the above borrowing limits from the existing 7,500 crores (Rupees Seven Thousand Five Hundred Crores only) to an amount not exceeding at any time a limit of ₹ 10,000 crores (Rupees Ten Thousand Crores only). The proposed borrowings by the Company, if required, is to be secured by mortgage or charge on all or any of the movable or immovable or any other tangible and intangible assets / properties of the Company (both present & future), in favour of any lender including the financial institutions / banks / debenture trustees etc. in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s). The mortgage and / or charge on any of the movable and / or immovable or any other tangible and intangible assets / properties and / or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company with a power to the charge holders to take over the management of the business of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013.

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

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

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

ANNEXURE TO THE EXPLANATORY STATEMENT

INFORMATION AS REQUIRED UNDER REGULATION 36(3) SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND IN TERMS OF THE SECRETARIAL STANDARD ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA CERTAIN ADDITIONAL DISCLOSURES IN RESPECT OF DIRECTORS BEING REAPPOINTED / APPOINTED:

Particulars	Retire by Rotation
Name of the Director	Mrs. Darshana S Pandya
DIN	07610402
Date of birth	November 17, 1972
Age	49 Years
Qualification	She holds Bachelor's degrees in Commerce from Gujarat University.
Experience (including expertise in specific functional area) / Brief Resume	She is having vast experience in Finance sector for past 24 years. She joined the company in the year 1996 as a Junior Executive and she is now appointed as a Whole-time Director & CEO of the Company. 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.
Nature of her expertise in specific functional areas	Management & Finance
Terms and Conditions of Re-appointment	N.A.
Remuneration last drawn	₹ 44.06 Lakh (F.Y. 2021-22)
Designation	Whole-time Director and CEO
Remuneration proposed to be paid	As per existing terms and conditions
Date of first appointment on the Board	September 23, 2016
Shareholding in the company	15,434 (0.02%) Equity Shares as on March 31, 2022.
Relationship with other Directors/Manager and other Key Managerial Personnel of the company	NA
Number of Meetings of the Board attended during the year 2021-22	5 (Five)
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.*	1. Member of Audit Committee (MAS Financial Services Limited); 2. Member of Stakeholders' Relationship Committee (MAS Financial Services Limited).
Chairman / Director of other Company	1. MAS Rural Housing & Mortgage Finance Limited (Director); 2. Prarthna Marketing Private Limited (Director); 3. Swalamb Mass Financial Services Limited (Director)
Names of companies along with listed entities in which person has resigned in the past three years.	Not Applicable

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

Particulars	Re-appointment
Name of the Director	Mr. Umesh Shah
DIN	07685672
Date of birth	June 8, 1956
Age	66 Years
Qualification	He is Bachelor of Commerce and Chartered Accountant
Experience (including expertise in specific functional area) / Brief Resume	Over 3 decades of experience in finance, accounting, auditing and taxation
Nature of his expertise in specific functional areas	He has more than three 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).
Terms and Conditions of Re-appointment	As per the terms and conditions of re-appointment of independent Director posted on Company's website

Particulars	Re-appointment
Remuneration last drawn	N.A.
Remuneration proposed to be paid	N.A.
Date of first appointment on the Board	December 21, 2016
Shareholding in the company	250 shares as on March 31, 2022
Relationship with other Directors/Manager and other Key Managerial Personnel of the company	N.A.
Number of Meetings of the Board attended during the year 2021-22	5
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.*	1. Member of Audit Committee (MAS Financial Services Limited); 2. Member of Nomination & Remuneration Committee (MAS Financial Services Limited).
Chairman / Director of other Company	Not Applicable
Names of companies along with listed entities in which person has resigned in the past three years.	Not Applicable
Justification for appointment of Independent Director	Justification stated in the explanatory statement.

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

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 : July 06, 2022

Contact Details:

Company	MAS Financial Services Limited 6, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009. CIN: L65910GJ1995PLC026064
Company Secretary & Compliance Officer **Registrar and Transfer**	Ms. Riddhi Bhaveshbhai Bhayani Email Id: riddhi_bhayani@mas.co.in 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
Scrutinizer	Mr. Ravi Kapoor, Proprietor of Ravi Kapoor & Associates Practicing Company Secretaries E-Mail id: ravi@ravics.com

Directors' Report

To,
The Members,
MAS FINANCIAL SERVICES LIMITED
Ahmedabad

Your Directors are pleased to present the Twenty Seventh (27th) Annual report of your Company along with the Audited Standalone and Consolidated Accounts drawn for the financial year ended on March 31, 2022.

The Company's financial performance for the year under review along with previous year's figures is given hereunder:

FINANCIAL RESULTS:

(Amount in ₹ Lakhs)

Particulars	Standalone		Consolidated	
	Year Ended on 31st March, 2022	Year Ended on 31st March, 2021	Year Ended on 31st March, 2022	Year Ended on 31st March, 2021
Revenue from Operations	65,594.47	59,324.71	69,017.37	62,739.48
Other Income	150.58	64.19	93.40	31.75
Total Income	**65,745.05**	**59,388.90**	**69,110.77**	**62,771.23**
Less: Total Expenditure	**44,578.25**	**40,099.61**	**47,462.46**	**43,174.32**
Profit Before Tax	**21,166.80**	**19,289.29**	**21,648.31**	**19,596.91**
Provision for Taxation (Including Current tax, Deferred Tax & Income Tax of earlier Years)	5,384.16	4,938.99	5,533.43	5,044.48
Net Profit	**15,782.64**	**14,350.30**	**16,114.88**	**14,552.43**
Profit Brought Forward	39,634.96	28,104.57	39,934.36	28,381.53
Net Profit after profit attributable to minority shareholders	-	-	(184.12)	(116.42)
Item of other comprehensive income recognised directly in retained earnings - on defined benefit plan	(8.30)	50.15	(7.19)	54.03
Profit Available for Appropriation	**55,409.30**	**42,505.02**	**55,857.93**	**42,871.57**
LESS: APPROPRIATIONS				
Transfer to reserve u/s 45-IC of RBI Act, 1934	(3,156.53)	(2,870.06)	(3156.53)	(2870.06)
Transfer to reserve u/s 29-C of NHB Act, 1987	-	-	(87.29)	(66.83)
Final Dividend on equity shares	(819.93)	-	(819.93)	-
Interim Dividend on Equity Shares	(683.28)	-	(683.28)	-
Dividend distribution tax on Equity Shares	-	-	-	(0.32)
Surplus Balance carried to Balance Sheet	**50,749.56**	**39,634.96**	**51,110.90**	**39,934.36**

COVID-19

Calendar Year 2021 was a year of demand recovery, supply constraints and rising inflation. The Covid-19 Pandemic has created disruption across the world, in the first quarter of financial year 2021-2022. The start of the vaccination drive in the country did initially lead to a momentary recovery, however, the resurgence of the virus across the globe brought in renewed market uncertainty and unpredictability. The second half of the year was marked by a strong recovery. The market recovered in India with improving macroeconomic backdrop, decreasing Covid case load and global recovery.

The Company has continued to operate and provide services to its customers, which had been declared as an essential service, without any significant disruptions during COVID-19 crisis. However, disruptions to businesses worldwide and economic slowdown may have its eventual impact on the Company. The Company has evaluated its liquidity position and of recoverability and carrying values of its assets and accordingly, at present the management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due. At MAS, The well-being of our employees and their family members is one of our foremost priorities. We restructured our standard operating procedures and set strict protocols for the safeguard the health of our employees and their families. We also took special care to ensure that there is minimum disruption of services to all our customers and business associates. So far, the pandemic has not caused any significant business disruptions this year.

BUSINESS PERFORMANCE:

Company's revenue from operations for the financial year was ₹ 65,594.47 lakhs, higher by 10.57% over the previous year's revenue from operations of ₹ 59,324.71 lakhs. Net Profit (PAT) is ₹ 15,782.64 Lakhs which is higher by 9.98% over the previous year's PAT of ₹ 14,350.30 Lakhs. The Earnings per share is ₹ 28.87 (Previous years ₹ 26.25).

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:

The focus of the company remains on serving the MSME segment. With more than 600 MSMEs, majority of them excluded from the main financial stream presents an enormous opportunity of growth. However the informality is the major concern while serving this segment. Your Company has a distinct edge in serving this segment both from the niche expertise point of view and a very robust distribution network with more than 5000 centers reach along with the extended penetration available through its more than 150 NBFC partners. This product will continue to contribute significantly towards the overall assets growth of the company.

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. We also expect the sector to regain its growth trajectory with the economoic activities bouncing back to normal.

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. The sector has also stabilized post the covid impact to a large extent and the prospects of growth especially in the area of our focus is affordable housing seems very promising. There is huge market to be served creating room for all fundamentally sound lenders to grow decently. The company has an objective of penetrating in rural markets also starting from Gujarat and will slowly expand to other geographies with a dictum of "extending credit where it is due" thus creating value for all its stake holders. The semi urban and urban affordable space is also the focus area of working thus covering the entire spectrum of the prospective market.

The Company has 69 branches Pan India as on March 31, 2022. 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 stakeholders 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:

MFSL's current Branch Network stands at 125 branches presently with expansion on the cards in the near future.

PARTNERING WITH REGIONAL NBFCs AND NBFC-MFIs:

The quality of intermediation is tested during the trying times. We all agree, that in covid we witnessed one of the most trying times of the century. I am proud and delighted to share that all the partner NBFCs, we work with demonstrated very high quality of intermediation by not only continuing to serve the customers at various geographies but also ensured very smooth repayments to all their lenders.

Over a decade 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 pivotal role in realizing the Company's objective. Company believes that employees are the driving force for business growth, branding, and customer satisfaction. The Company has established a robust Human Resources ('HR') system that nurtures a high performing, conducive and inclusive work culture. It is managed by the active involvement of the promoters along with strategic inputs from a well-diversified and competent board. It emphasizes on the freedom to express views, competitive pay structure, performance-based reward system and growth opportunities and internal job opportunities, critical assignments within the organisation for career options for the employees.

We took fresh guards while celebrating our 25th anniversary as a corporate entity. The consistent growth of the company from a modest ₹ 2 cr balance sheet to current ₹ 6500 cr of assets under management is possible only due to the most precious resource of our company namely TEAM MAS. With more than 400 of them with the company for more than 5 years and 40 of them since inception including the core team is responsible for this stupendous compounding growth exhibited during this long tenure of two and a half decades. While we are confident on what we have demonstrated so far, we are not complacent. We are constantly at work to evolve various means to increase the efficiency of the organization, while creating an atmosphere of trust and security among the team. This is a task to be worked upon and we are determined to have a very dedicated and an efficient team in order to march ahead towards realizing our mission of Excellence through Endeavors.

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 946 employees as on March 31, 2022. Going forward, the Company will continue to focus on nurturing the right talent to achieve the business goal.

Attracting, enabling, promoting and retaining talent have been the keystone of Human Resource functions at MAS. We 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:

Capital and liability management is the core function which accords the robustness to the working of the company. Right form the beginning the company has pursued the path of being strongly capitalized and thus have commanded respect from all its lenders and investors.

The respect accorded to the Company by the investors and lenders across all the categories was a humbling experience. 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.

CAPITAL ADEQUACY RATIO

As on March 31, 2022, the Company's Capital Adequacy Ratio (CAR), stood at 26.35% of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off balance sheet items, which is well above the regulatory minimum of 15%, providing much needed headroom for fund raising for business operations of the Company.

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

In pursuance to the provisions of Section 92(3) of the Companies Act, 2013 read with Rules made thereunder and amended time to time, the Annual Return of the Company for the Financial Year ended on March 31, 2022 is available on the website of the company i.e. www.mas.co.in.

BOARD MEETINGS HELD DURING THE YEAR:

The Company had Five 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	19.05.2021	6	6
2	22.07.2021	6	6
3	11.08.2021	6	6
4	27.10.2021	6	6
5	02.02.2022	6	6

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of its knowledge and ability 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) they 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) they 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) they had prepared annual accounts on a going concern basis;

e) they had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively;

f) They had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were in place were adequate and operating effectively.

COMPANY'S POLICY RELATING TO DIRECTOR'S 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 – A"**. The weblink for the same is www.mas.co.in.

AUDITORS:

Statutory Auditors:

At the 26th Annual General Meeting held on August 25, 2021, the members had appointed M/s. Mukesh M. Shah & Co., Chartered Accountants (Firm Registration No. 106625W), Ahmedabad as Statutory Auditors for a term of three years beginning from the conclusion of the 26th AGM till the conclusion of the 29th Annual General Meeting of the Company.

Technical Advisors - M/s. Deloitte Haskins & Sells:

Based on the recommendation of the Audit Committee, the Board of Directors in their Meeting held on Thursday, July 22, 2021 had appointed M/s. Deloitte Haskins & Sells as the Technical Advisors to the Company. The lead Engagement partner Mr. Gaurav J. Shah heads Deloitte's Audit & Assurance Practice in Gujarat since 2006. The company will benefit from the services of their very senior partners based at Ahmedabad.

Secretarial Auditors:

In the Board Meeting held on May 19, 2021 M/s. Ravi Kapoor & Associates, Practising Company Secretaries were appointed as Secretarial Auditor of the Company for the financial year 2021-22.

SECRETARIAL AUDIT REPORT:

In pursuance to the provisions of Section 204 of the Companies Act, 2013 read with Rules framed thereunder and in compliance of Regulation 24A of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") M/s. Ravi Kapoor and Associates, Practising Company Secretaries, had conducted secretarial audit of the company for the financial year 2021-22. There was no qualification or adverse remarks made by the auditor in their report and the said Secretarial report are annexed which is forming part to this report as **"Annexure – B"**.

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

(i) **By the Statutory Auditors in his report;**

There is no audit qualification, reservation or adverse remark for the year under review.

(ii) **By the Company Secretary in Practice in his Secretarial Audit Report;**

There is no qualification, reservation, adverse remark or disclaimer in audit report issued by the Secretarial Auditors of the Company.

FRAUDS REPORTED BY THE AUDITOR

During the year under review, no frauds have been reported by the Auditor (Statutory Auditor, Secretarial Auditor) to the Audit Committee/ Board, under Section 143(12) of the Companies Act, 2013.

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 read with Rule 6 (1) and (3) of Companies (Appointment and Qualifications of Directors) Rules, 2014 as amended from time to time and Regulation 16 & 25 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

All Independent Directors of your Company are registered with Indian Institute of Corporate Affairs as per the requirement of Section 149 of the Companies Act, 2013 and rules framed thereunder.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, paid to them for the purpose of attending meetings of the Board / Committee of the Company.

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

The Company constituted its Nomination Committee on December 23, 2010 and the nomenclature of the Nomination committee was changed to "Nomination and Remuneration Committee" on March 20, 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 Remuneration policy is available at the Web link https://www.mas.co.in/policy.aspx

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

The loan made, guarantee given or security provided in the ordinary course of business by a NBFC registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act.

During the year under review the Company has invested surplus funds in various securities in the ordinary course of business. For details of the investments of the Company refer to Note 9 of the financial statements.

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

All Contracts / Arrangements / Transactions executed by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. The Audit Committee reviewed all Related Party Transaction on quarterly 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 - C"**.

The related party disclosures as specified under Para A of Schedule V read with Regulation 34(3) of the Listing Regulations is forming part in Notes to Financial Statements.

The board has approved a policy for related party transactions which has been hosted on the website of the Company. The web-link for the same is https://www.mas.co.in/policy.aspx. 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 ₹ 31.56 crore transferred to statutory reserve under Section 45 IC of RBI Act, 1934.

DIVIDEND:

The Company had paid an Interim Dividend of ₹ 1.25/- (Rupees One and twenty five paisa only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (12.5%) aggregating to ₹ 6,83,27,553.75/- (Rupees Six Crore Eighty three Lakh Twenty Seven Thousand Five hundred fifty three and seventy five paisa only) during the financial year 2021-22. The same was declared by Board of Directors in their meeting held on February 02, 2022. The said dividend was paid on February 18, 2022.

Your Directors are pleased to recommend a Final Dividend of ₹ 1.75/- (Rupees One and Seventy Five Paise Only) per Equity Share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (17.5%) aggregating to 9,56,58,575.25/- (Rupees Nine Crore Fifty Six Lakh Fifty Eight Thousand Five Hundred Seventy Five and Twenty Five Paisa Only) for the Financial year 2021-22, subject to the approval of members in the ensuing Annual General Meeting of the Company. The payment of Final Dividend shall be paid to those members whose names appears in the Register of Members of the Company or in the records of depositories as beneficial owners of Equity Shares as on August 17, 2022. The payment of final dividend will be subject to deduction of tax at source as per the applicable rate.

The dividend 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 forming part to the report as **"Annexure - D"**. The weblink for the same is https://www.mas.co.in/policy.aspx.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY:

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 Net stage 3 of the Company is 1.70% of Asset under Management as on March 31, 2022.

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 1000 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 https://mas.co.in/policy.aspx

The Company has in place a Risk Management Policy and introduced several measures to strengthen the internal controls systems and processes to drive a common integrated view of risks, optimal and mitigation responses. This integration is enabled through a dedicated team and Risk Management, Internal Control and Internal Audit systems and processes.

Corporate Social Responsibility (CSR):

Your Company has always responded in a responsible manner to the growing needs of the communities in which it operates and believes in giving back to society in some measure that is proportionate to its success in business. 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, Welfare and Education.

As a responsible corporate, we believe, we must leverage our resources to support the community in tough times. Accordingly the Company had distributed BiPAP machine and helped many other needy sufferer under its "MAS Arogya Abhiyan". During the first quarter in the year, in spite of speedy recovery in the economy due to COVID – 19 pandemic and lockdown the large section of population across the country were affected and could not meet basic requirement i.e. Food. As part of this drive, raw food packets (groceries) containing all basic necessary food items were supplied to villages of Gujarat. Our food distribution drive is a small gesture in this direction – to provide relief to the most vulnerable of our people and to those relentlessly working on ground with limited support.

Education is believed to be the stepping stone to improve the quality of life, especially for the poor and the most vulnerable. In view of the same, the Company has identified various bright students who wish to pursue higher studies but are not financially sound and financed them for achieving their dreams. In order of development of the society, to curb the said causes and to achieve 100% Literacy Rate, the Company takes active interest in the education of these students and we care about providing better and quality education. Hence apart from sponsoring fees we support them by providing school bags, stationeries, uniforms, sweaters, school shoes and other such necessary accomplishment to ensure that the parents and the students do not have to take burden of these additional costs and stay focused while studying. A good school infrastructure makes it possible for the children that live in rural areas to study and in addition tends to improve the attendance and interest of students and teachers in learning. The Management Team at MAS Financial Services Limited is proactively involved and connected with schools located at the outskirts of Ahmedabad and Gandhinagar to analyze infrastructure provided to the students and how organization can support them to make it better. It was been observed that many schools have no fans, lights and table benches in classrooms, also students were having meals provided by Government under the blazing sun which might affect their health due to heat. Hence, infrastructure related projects were taken on priority bases wherein the Company supported these schools by providing basic infrastructure i.e. fans, lights, benches in classrooms, Computers and more importantly construction of sheds in school premises to protect students from heat related illness. The ideology behind the "MAS Shiksha Protsahan" lies in the very essence of transforming lives through continuous generation of knowledge and empowerment. Therefore, Company has earmarked funds in line with its Policy as well as prescribed CSR Guidelines.

Moreover, in order to provide proper menstrual hygiene in rural areas, the Company has distributed Sanitary napkins to the female in nearby villages.

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. Accordingly, the Company has identified various long term projects of Promoting Education, Sanitisation, Promoting Health and Welfare to ensure overall well-being and higher quality of life for all.

The CSR Report for the Financial Year 2021-2022 is annexed to this report as **"Annexure - E"**. The composition of CSR Committee and the details of the ongoing CSR projects/ programs/activities are included in the CSR report/section. The CSR Policy is uploaded on the Company's website at the web link: https://www.mas.co.in/policy.aspx.

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

Pursuant to the provisions of 134(3)(p) the Companies Act, 2013 and Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually including Independent Directors as well as the evaluation of the working of its Committees. The evaluation was carried on the basis of 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, level of engagement and participation, Board culture, execution and performance of specific duties, obligations and governance. The Board has expressed their satisfaction with the evaluation process.

In pursuant to Regulation 17(10) of 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. Further, in a separate meeting of Independent Directors, performance of non-independent directors, the Board as whole and the Chairman of the Company was evaluated.

(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 VENTURE COMPANIES:

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

PARTICULARS OF EMPLOYEES:

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

THE CHANGE IN NATURE OF BUSINESS:

The Company continues to carry out the same activities and during the period under review there is no change in the nature of business.

PUBLIC DEPOSITS:

The Company is Non - deposit taking Non-Banking Financial Company registered with Reserve Bank of India and is prohibited from accepting public deposits and therefore the Company has not accepted any deposits from public during the year under review and there was no public deposit outstanding as on March 31, 2022.

CAPITAL STRUCTURE:

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

DEBENTURES:

During the period under review there was no change in the following Non Convertible Debenture ("NCDs") of the Company.

1. 6500 Rated, Senior, Redeemable, Taxable, Transferable, Listed, Principal Protected Market Linked Non Convertible Debentures ("NCDs") of face value of ₹ 1,00,000/- (Rupees One Lakhs Only) each aggregating to ₹ 65,00,00,000/- (Rupees Sixty Five Crores) bearing ISIN **INE348L07076** at the rate of (a) 8.80% (Eight Decimal Eight Zero Percent) (XIRR), if the Reference Index Performance is greater than 75% (Seventy Five Percent); and/or (b) 8.75% (Eight Decimal Seven Five Percent) (XIRR), if the Reference Index Performance is equal to or lesser than 75% (Seventy Five Percent) but greater than 25% (Twenty Five Percent); and/or 0% (Zero Percent) (XIRR), if the Reference Index Performance is lesser than or equal to 25% (Twenty Five Percent).

During the period under the review, the following Non-Convertible Debenture of the Company was redeemed:

1. 200 Rated, Listed, Unsecured Redeemable Nonconvertible Debentures ("NCDs") of face value of ₹ 10,00,000/- (Rupees Ten Lakhs Only) each aggregating to ₹ 20,00,00,000/-(Rupees Twenty Crores) bearing ISIN **INE348L08025** at the rate of 13.50% p.a. were redeem on September 18, 2021.

2. 1000 Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-convertible Debentures ("NCDs") of face value of ₹ 10,00,000/- (Rupees Ten Lakhs Only) each aggregating to ₹ 100,00,00,000/-(Rupees One Hundred Crores) bearing ISIN **INE348L07043** at the rate of 9.00% p.a redeemed on January 24, 2022.

3. 1000 Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-convertible Debentures ("NCDs") of face value of ₹ 10,00,000/- (Rupees Ten Lakhs Only) each aggregating to ₹ 100,00,00,000/-(Rupees One Hundred Crores) bearing ISIN **INE348L07068** at the rate of 9.00% p.a. redeemed on February 19, 2022.

4. 500 Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-convertible Debentures ("NCDs") of face value of ₹ 10,00,000/- (Rupees Ten Lakhs Only) each aggregating to ₹ 50,00,00,000/- (Rupees Fifty Crores) bearing ISIN **INE348L07050** at the rate of 9.00% p.a. redeemed on January 30, 2022.

5. 400 Rated, Listed, Unsecured Redeemable Non convertible Debentures ("NCDs") of face value of ₹ 10,00,000/- (Rupees Ten Lakhs Only) each aggregating to ₹ 40,00,00,000/- (Rupees Forty Crore) bearing ISIN **INE348L08033** at the rate of 13% p.a. were redeemed on June 22, 2022.

During the period under the review, the following Non-Convertible Debenture of the Company was issued:

1. 10,000 Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures ("NCDs") of face value of ₹ 1,00,000/- (Rupees One Lakh Only) each aggregating to ₹ 100,00,00,000/- (Rupees One Hundred Crores) bearing ISIN **INE348L07084** at the rate of (a) 8.50% (Eight Decimal Five Zero Percent) (XIRR), if the Reference Index Performance is greater than 75% (Seventy Five Percent); and/or (b) 8.45% (Eight Decimal Four Five Percent) (XIRR), if the Reference Index Performance is equal to or lesser than 75% (Seventy Five Percent) but greater than 25% (Twenty Five Percent); and/or (c) 0% (Zero Percent) (XIRR), if the Reference Index Performance is lesser than or equal to 25% (Twenty Five Percent) were issued on June 23, 2021.

2. 1000 (One Thousand) Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures denominated in Indian Rupees, each having a face value of ₹ 10,00,000 (Indian Rupees Ten Lakh only) aggregating to ₹ 100,00,00,000 (Indian Rupees One Hundred Crore only) inclusive of a green shoe option of up to ₹ 50,00,00,000 (Indian Rupees Fifty Crore only) comprising of 500 (Five Hundred) Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Non - convertible Debentures denominated in Indian Rupees and on a private placement basis bearing ISIN **INE348L07092** at the rate of (a) 8.50% (Eight Decimal Five Zero Percent) (XIRR), if Reference Index Performance is greater than 75% (Seventy Five Percent); and/or (b) 8.45% (Eight Decimal Four Five Percent) (XIRR), if the Reference Index Performance is equal to or lesser than 75% (Seventy Five Percent) but greater than 25% (Twenty Five Percent); and/or 0% (Zero Percent) (XIRR), if the Reference Index Performance is lesser than or equal to 25% (Twenty Five Percent) were issued on September 17, 2021.

3. 50 (Fifty) unsecured, rated, listed, redeemable, subordinated, taxable, transferable, non-convertible debentures denominated in Indian Rupees ("INR"), each having a face value of ₹ 1,00,00,000 (Indian Rupees One Crore) aggregating to ₹ 50,00,00,000 (Indian Rupees Fifty

Crore) (“Debentures” or “NCDs”) on a private placement basis (the “Issue”). bearing ISIN **INE348L08041** at the rate of 10.75% (Ten decimal seven five Percentage) p.a. were issued on October 20, 2021.

4. 1000 Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures Denominated in Indian Rupees (“INR”), each having a face value of ₹ 10,00,000/- aggregating to ₹ 100 Crore (“Debentures” or “NCDs”) inclusive of a Green shoe option of up to ₹ 50 Crore comprising of 500 Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures Denominated in Indian Rupees (“INR”) (The “Issue”). each aggregating to ₹ 100,00,00,000/- (Rupees One hundred Crores) bearing ISIN **INE348L07100** at the rate of (a) 8.50% (Eight Decimal Five Zero Percent) (XIRR), if Reference Index Performance is greater than 75% (Seventy Five Percent); and/or (b) 8.45% (Eight Decimal Four Five Percent) (XIRR), if the Reference Index Performance is equal to or lesser than 75% (Seventy Five Percent) but greater than 25% (Twenty Five Percent); and/or 0% (Zero Percent) (XIRR), if the Reference Index Performance is lesser than or equal to 25% (Twenty Five Percent) were issued on November 25, 2021.

5. 500 (five hundred) unlisted, subordinated, unsecured, redeemable, non-convertible debentures, having a face value of ₹ 10,00,000 (Indian Rupees Ten Lakh) each and an aggregate face value of ₹ 50,00,00,000 (Indian Rupees Fifty Crore) bearing ISIN **INE348L08058** at the rate of 10.75% (Ten decimal seven five Percentage) p.a. were issued on December 29, 2021.

Further, the Company in its Board Meeting held on May 04, 2022 approved the borrowing of funds by way of issuance of Secured, Rated, Listed, Redeemable, Non-Convertible, taxable debentures up to an aggregate amount of ₹ 1500 Crores, in one or more tranches through Private placement. Accordingly the following NCDs were issued till the date of this report:

1. 1,000 (one thousand) rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures denominated in Indian Rupees (“INR”), each having a face value of ₹ 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of ₹ 100,00,00,000 (Indian Rupees One Hundred Crore) including a green shoe option of up to ₹ 50,00,00,000 (Indian Rupees Fifty Crore) bearing ISIN **INE348L07118** at the rate of (a)8.60% (eight decimal six zero percent) (XIRR), if the Yield is lesser than or equal to 18% (eighteen percent); (b) 8.10% (eight decimal one zero percent) (XIRR), if the Yield is lesser than or equal to 24% (twenty four percent) but greater than 18% (eighteen percent); and/or (c) 0% (zero percent) (XIRR), if the Yield is greater than 24% (twenty four percent) were issued on June 6, 2022.

2. 500(Five Hundred) rated, listed, redeemable, senior, secured, non-convertible debentures denominated in Indian Rupees (“INR”), each having a face value of ₹ 10,00,000 (Indian Rupees Ten Lakh) and an aggregate face value of ₹ 50,00,00,000 (Indian Rupees Fifty Crore) (“Debentures”) bearing ISIN **INE348L07126** at the rate of 8.93% (Eight Decimal nine three percentage)p.a. were issued on June 22, 2022.

STATUTORY COMPLIANCE:

The Company has complied with Ind AS as prescribed under section 133 of the Companies Act, 2013. The Company has also complied with the directions issued by RBI from time to time.

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 BY REGULATORS / COURTS / TRIBUNALS:

There was no material order passed by Regulators / Courts / Tribunals during the year under review impacting the going concern status and company’s operations in future.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

Internal Financial Control remains an important component to foster confidence in a company’s financial reporting, and ultimately, streamlining the process to adopt best practices. In pursuance to provisions of Section 134(5)e) of the Companies Act, 2013 read with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 your Company has in place adequate internal controls with reference to financial statements and are operating effectively. The Company has devised proper system of internal financial control which is commensurate with size and nature of Business. 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. Further, company has taken D&O Insurance for Directors & KMP.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (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 and Chief Executive Officer of the Company is liable to retire by rotation at the ensuing AGM and being eligible to offers herself for reappointment.

The Board of Directors in its meeting held on May 04, 2022 on the recommendations of the Nomination and Remuneration Committee (NRC), further recommends to the members of the Company for re-appointment of Mrs. Darshana Pandya, (DIN: 07610402), as Director.

Pursuant to the provisions of Sections 149 and 152 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 reenactment 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, Mr. Umesh Shah (DIN: 07685672) who is eligible for reappointment to hold office for second term of five consecutive years effective from December 21, 2021 and whose office shall not be liable to retire by rotation, offers himself to be re-appointed 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.

Necessary resolutions for the appointment of the aforesaid directors and their detailed profiles have been included in the notice convening the 27th AGM and details of the proposal for appointment are mentioned in the explanatory statement of the notice.

Your directors commend their 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. Mr. Ravi Kapoor Practicing Company Secretary and proprietor of M/s. Ravi Kapoor & Associates has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as director of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. A certificate to this effect has been enclosed with this report.

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 Section 197(12) and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other prescribed details are given as per **'Annexure - G'** 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 forming part to this Report annexed as **"Annexure – H"** and **"Annexure – I"**.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

Your Company is committed for creating and maintaining a secure work environment where its employees can work in an atmosphere free of harassment, exploitation and intimidation. To foster a positive workplace environment, free from harassment of any nature to empower women and protect them against sexual harassment, and as per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ("POSH Act") and Rules made thereunder, 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:

1. Mr. Bala Bhaskaran (Independent Director) – Chairman
2. Mrs. Darshana Pandya (Executive Director) – Member
3. Mr. Chetan Shah (Independent Director) – Member
4. Mr. Umesh Shah (Independent Director) – Member

Ms. Riddhi Bhaveshbhai Bhayani, Company Secretary & Compliance Officer acts as the Secretary to the Audit Committee.

The composition and scope of Audit committee inter alia meets with the requirement of Section 177 of the Companies Act, 2013 and in accordance with Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Sr. No.	Date on which Audit Committee Meetings were held	Total Strength of the Committee	No. of Members Present
1.	18.05.2021	4	4
2.	21.07.2021	4	4
3.	22.07.2021	4	4
4.	10.08.2021	4	4
5.	27.10.2021	4	4
6.	02.02.2022	4	4

In Compliance with the provisions of Companies Act, 2013 and Regulation 22 of Listing Regulations, the Company has established a vigil mechanism and overseas through the Committee, the genuine concerns about unethical behavior 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 https://www.mas.co.in/policy.aspx.

DISCLOSURES PURSUANT TO RBI MASTER DIRECTION:

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

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 - K"**.

CREDIT RATING:

Sr. No.	Name of the Instrument	Current Rating
1	Long Term Bank Facilities	ACUITE AA-/Stable
2	Commercial Papers	ACUITE A1+
3	Long Term Bank Facilities	CARE A+; Stable
4	Commercial Papers issue	CARE A1+
5	Non Convertible Debentures	CARE A+; Stable
6	Market Linked Debentures	CARE PP-MLD A+; Stable
7	Market Linked Debentures	CARE PP-MLD A+; Stable
8	Subordinated Bond	CARE A+; Stable
9	Market Linked Debentures	CARE PP-MLD A+; Stable
10	Subordinated debt programme	[ICRA]A (Stable)

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.

THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE FINANCIAL YEAR:

During the year under review, the Company has not made any application before the National Company Law Tribunal under Insolvency and Bankruptcy Code, 2016 for recovery of outstanding loans against customer and there is no pending proceeding against the Company under Insolvency and Bankruptcy Code, 2016.

THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF DURING THE FINANCIAL YEAR:

It is not applicable to the Company, during the financial year.

ACKNOWLEDGEMENT

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. We take this opportunity to express our heartfelt appreciation for their continuous support, hard work and dedication.

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 Board of Directors would like to place on record their gratitude for the guidance and co-operation extended by Reserve Bank of India and the other regulatory authorities and 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.

We 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)

Darshana Pandya
Director & CEO
(DIN: 07610402)

Place : Ahmedabad
Date : July 6, 2022

Annexure - A

REMUNERATION POLICY

The policy is prepared is in accordance with the provisions of Section 178(3) of the Companies Act, 2013 ('Act') and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), 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.

This Policy is guided by the principles and objectives as enumerated in Section 178 (3) of the Companies Act, 2013 and the rules made thereunder, each as amended (the **"Act"**) and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**"SEBI Listing Regulations"**), to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company.

This Policy reflects the remuneration philosophy and principles of the Company and considers the pay and employment conditions with peers / competitive market to ensure that pay structures are appropriately aligned.

1. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

The Company pays sitting fees of ₹ 15,000/- per Board meeting and ₹ 10,000/- per Committee meeting attended by Non Executive Directors in line with the provisions of Act. Apart from sitting fees, Company is not paying any amount to Non Executive Directors.

2. REMUNERATION OF EXECUTIVE DIRECTOR

The payment of managerial remuneration to Executive Directors, Key Managerial Personnel and Senior Management Team will be reviewed and recommended by Nomination and Remuneration Committee which will be approved by Board of Directors and/or shareholders as per applicable provisions of Companies Act, 2013 and Listing Regulations. Further remuneration of Other Employees shall be decided/ recommended and approved 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 company's HR Policy.
- No directors or Key Managerial Personnel should be directly involved in determining their own remuneration or their performance evaluation.
- The 'fit and proper' status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management.
- That the compensation levels are supported by the need to retain earnings of the company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP).

3. 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 Listing Regulations, the Nomination and Remuneration Committee is required to formulate the criteria for determining qualification, positive attributes and independence of a Director and senior management and for appointment of independent director the committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. 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) Regulations, 2015 and should possess appropriate skills, experience, expertise and knowledge.

Criteria for appointing a Director:

- He should be knowledgeable and diligent in updating his knowledge and should possess adequate 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) Regulations, 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.

In case of Re-appointment following additional criteria shall be considered:

- **Executive Directors:** The committee will evaluate the performance during his/her tenure as Director of the Company as well performance of the Company including all such other factors as required under Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws as amended from time to time to be considered for re-appointment of director.

- **Non-executive Directors (including Independent Directors):** The committee will evaluate the performance during his/her tenure as Director in the Company, attendance and participation in the meetings and contribution to the activities of the Board and including all such other factors as per Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and other applicable laws as amended from time to time to be considered for re-appointment of director.

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

- He should possess adequate 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 Company's HR Policy will be followed.

Annexure - B

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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 (herein after referred to as "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the statutory compliances and expressing our opinion thereon.

We have verified the soft copies of records maintained by the Company. Based on our online 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 has, during the audit period covering the financial year ended on 31st March, 2022 generally 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 MAS Financial Services Limited ("the Company") for the financial year ended on 31st March, 2022 and verified the provisions of the following acts, 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 there under;

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

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

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (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;

(vi) 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.

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. During the year no changes took place in the composition of the Board of Directors and the same is 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.

For **Ravi Kapoor & Associates**

Ravi Kapoor
Company Secretary in practice
FCS No. 2587
C P No.: 2407
UDIN: F002587D000573707

Place: Ahmedabad
Date : July 06, 2022

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.

For **Ravi Kapoor & Associates**

Ravi Kapoor
Company Secretary in practice
FCS No. 2587
C P No.: 2407
UDIN: F002587D000573707

Place: Ahmedabad
Date : July 06, 2022

Annexure - C

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.** MAS Financial Services Limited ("the Company") has not entered into any contract/arrangement/transaction with its related parties, which is not in ordinary course of business or at arm's length during FY 2021-22. The Company has laid down policies and processes/ procedures so as to ensure compliance to the subject section in the Companies Act ("the Act") and corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

Sl No.	Particulars	Details
A	Name(s) of the related party & nature of relationship	N.A.
B	Nature of contracts/arrangements/transaction	N.A.
C	Duration of the contracts/arrangements/transaction	N.A.
D	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A.
E	Justification for entering into such contracts or arrangements or transactions.	N.A.
F	Date of approval by the Board	N.A.
G	Amount paid as advances, if any	N.A.
H	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

2. **Details of material Contracts or Arrangements or Transactions at Arm's length basis for the year ended on March 31, 2022**

Sl 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.	19.05.2021	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.	03.06.2020	No such amount was paid as advances.	N.A.

Sl 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.	MAS Rural Housing & Mortgage finance Limited	Cross Charge Agreement	One year	MFSL agrees to provide several intellectual services to MAS Rural Housing & Mortgage Finance Limited ("MRHMFL") from the Management of the Company to carry out the operations of the MRHMFL and considering time slot allotted to look into the activities of the MRHMFL, the Company to receive as amount as Cross Charge from MRHMFL.	MRHMFL being subsidiary company of MFSL carrying out business of Housing Finance and being managed by the management of the MFSL, in requirement of carrying out its operations requested for entering into cross charge agreement with MFSL.	19.05.2021	No such amount was paid as advances.	N.A.
4.	MAS Rural Housing & Mortgage finance Limited	Servicer Agreement	One year	MFSL has appointed MRHMFL as a servicer to collect and receive payments in respect of the Receivables and the Assigned Assets, and to provide certain other services.	MFSL is in requirement of a Service Provider who can collect and receive payments in respect of the Receivables on behalf of the Company	02.02.2022	No such amount was paid as advances.	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)

Darshana S. Pandya
Director & CEO
(DIN: 07610402)

Place : Ahmedabad
Date : July 06, 2022

Annexure - D

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.
- The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

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;
- Financial commitments with respect to the outstanding borrowings and interest thereon.
- Other Corporate Action options (For ex. Bonus issue, Buy back of shares).
- 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) will be available on the website of the Company (www.mas.co.in) and web-link shall also be provided in the Company's Annual Report of the Company as required by the Regulations in force from time to time.

9. REPORTS

The Company shall prepare a report that is to be furnished within a fortnight after declaration of dividend to the Regional Office of the Department of Supervision of the Reserve Bank. The format of the Report shall be the format prescribed hereunder.

Details of dividend declared during the financial year

Name of the NBFC ____

Accounting period *	Net profit for the accounting period (₹ crore)	Rate of dividend (per cent)	Amount of dividend (₹ crore)	Dividend Payout ratio (per cent)

* quarter or half year or year ended__________ as the case may be

Annexure - E

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

[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. **Brief outline on the CSR Policy of the Company:**

   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.

   MAS Financial Services Limited has always been actively involved in various Corporate Social Responsibility (CSR) activities. We are committed to making a difference by placing priority on giving back to our community and believe that businesses can only be successful when they are engaged in making the world a better place.

   During the year, the Company has undertaken various initiatives in the areas of Education and Community Welfare.

2. **Composition of CSR Committee:**

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

Sr. No.	Name of the Directors	Designation / Nature of Directorship		Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Umesh Shah	Independent Director	Chairman	2	2
2	Mrs. Darshana Pandya	Director & CEO	Member	2	2
3	Prof. Bala Bhaskaran	Independent Director	Member	2	2

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:**

   The Composition of CSR committee, Company's CSR policy and CSR projects are available on website of the Company

   Composition of CSR Committee : www.mas.co.in

   Company's CSR Policy : www.mas.co.in

   CSR Projects' : www.mas.co.in

4. **Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):** Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:** Not Applicable

6. **Average Net Profit of the Company as per Section 135(5):** ₹ 2,20,43,32,961/-

7. **(a) Two percent of average net profit of the company as per section 135(5):** ₹ 4,40,86,659.00/-

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

   (c) Amount required to be set off for the financial year, if any: NIL

   (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 4,40,86,659.00/-

8. (a) Details of CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (in ₹)	Date of Transfer	Name of Fund	Amount (in ₹)	Date of Transfer
42,00,096	3,98,86,563	April 25, 2022	-	-	-

(b) Details of CSR amount spent against Ongoing Projects for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/No)	Location of the Project		Project Duration	Amount allocated for the project (in ₹ Crores)	Amount spent in the current financial Year (in ₹ Crores)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ Crores)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1.	"SHIKSHA PROTSAHAN" - PROMOTING EDUCATION IN RURAL AREAS	Education	Yes	Gujarat	Rural locations of Gujarat	3 Years	Approx 2.44	0.17	2.27	Yes		NA
2.	"AROGYA ABHI-YAN" - MEDICAL FACILITY TO NEEDY PEOPLE	Health	Yes	Gujarat	Ahmedabad	1-3 Years	Approx 1.5	0.20	1.30	Yes		NA
3.	MAS "KHEL PROTSAHAN ABHIYAN"	Sports	Yes	Gujarat	Ahmedabad	1-3 Years	Approx 0.48	Nil	0.48	Yes		NA
	TOTAL						**Approx 4.41**	**0.37**	**4.05**			

(c) Details of CSR amount spent against other than Ongoing Projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project		Amount spent for the project (in ₹)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	Grain distribution	Eradicating hunger, poverty for the people affected by COVID-19 pandemic	Yes	Gujarat	Ahmedabad	4,90,600	Yes	Not Applicable	
	TOTAL								

(d) Amount spent in Administrative Overheads : ₹ 30,761/-

(e) Amount spent on Impact Assessment, if applicable : NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 42,00,096.00/-

(g) Excess amount for set-off, if any : NA

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Crores)	Amount spent in the reporting Financial Year (in ₹ Crores)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in ₹ Crores)
				Name of the Fund	Amount (in ₹)	Date of Transfer	
1.	2021-22	3.99	0.42	-	-	-	3.99
2.	2020-21	3.84	0.33	-	-	-	2.92
3.	2019-20	-	-	-	-	-	-
	TOTAL	**7.83**	**0.75**	**-**	**-**	**-**	**6.91**

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	**Project ID**	**Name of the Project**	**Financial Year in which the project was commenced**	**Project Duration**	**Total amount allocated for the project (in ₹ Crores)**	**Amount spent on the project in the reporting Financial Year (in ₹ Crores)**	**Cumulative amount spent at the end of reporting Financial Year (in ₹ Crores)**	**Status of the project - Completed/ Ongoing.**
1.	FY31.03.2021_1	"SHIKSHA PROTSAHAN" - PROMOTING EDUCATION IN RURAL AREAS	2020-21	3 Years	Approx 2.30	0.47	0.47	Ongoing
2.	FY31.03.2021_2	MAS MENSTRUAL HYGIENE PROGRAMME (PROMOTING SANITATION IN RURAL AREAS)	2020-21	3 Years	Approx 0.05	0.44	0.44	Ongoing
3.	FY31.03.2021_3	AROGYA ABHIYAN - MEDICAL FACILITY TO NEEDY PEOPLE	2020-21	3 Years	Approx 1.50	0.01	0.01	Ongoing

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): NA

(a) Date of creation or acquisition of capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5):

The Company strives to make the fund utilization to the last mile. In terms of CSR Policy of the Company, most of the unspent funds for CSR, shall be utilized for long term multiyear projects. Education is believed to be the stepping stone to improve the quality of life, especially for the poor and the most vulnerable. Quality education remains one of the most important CSR missions for the Company; In view of the same, the Company has identified various bright students who wish to pursue higher studies but are not financially sound and financed them for achieving their dreams. In addition to existing multi-year projects, the Company has identified long term projects of construction of Sheads and providing basic hygiene at various Schools in remote rural backward areas of Gujarat including paying their fees and also providing them with basic necessity such as Computers. The ideology behind the "MAS Shiksha Protsahan" lies in the very essence of transforming lives through continuous generation of knowledge and empowerment. Therefore, Company has earmarked funds in line with its Policy as well as prescribed CSR Guidelines. During the beginning of the year, due to COVID – 19 pandemic the large section of population across the country were affected and could not meet basic requirement i.e. Food. As part of this drive, raw food packets (groceries) containing all basic necessary food items were supplied to villages of Gujarat. Moreover, the Company has provided BiPAP machine and helped many other needy sufferer under its "MAS Arogya Abhiyan". In addition, the Company has identified various long term projects of Promoting Education, Sanitisation and Promoting Health and Welfare to ensure overall well-being and higher quality of life for all.

The ideology behind the CSR Project of the Company lies in the very essence of well-being of the lives. Therefore, Company has earmarked funds in line with its Policy and the CSR Project as well as prescribed its CSR Expenditure. The Company is trying to help as many people as it can across the state with its various social initiatives since many years. It is the Company's continuous endevaour to increase its CSR impact and spend over the coming years, supplemented by its continued focus towards sustainable development and responsible infrastructure.

We firmly believe that it Education is one of the most important investments which can create positive impact on the society. The CSR projects related to Education and rural development were planned during the financial year, but due to the pandemic situation, the schools were closed hence we have carry forwarded unspent amount and prepared a well-planned project to utilize the fund in henceforth years. The Company hereby has its commitment in place and all efforts will be made to cover the shortfall in the CSR spends in the coming years.

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.

	Mr. Umesh Shah	**Mrs. Darshana Pandya**
	Independent Director	Director & CEO
Date : July 06, 2022	Chairman of CSR Committee	Member of CSR Committee
Place : Ahmedabad	DIN: 07685672	DIN: 07610402

Annexure - F

FORM AOC-1

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

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

Part "A": Subsidiaries

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

Sl. 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 2021-2022 (01.04.2021 to 31.03.2022)
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: ₹ 45,00,00,000/- Paid up : ₹ 41,22,64,040/-
6.	Other Equity	₹ 40,19,42,383/-
7.	Total assets	₹ 2,89,98,62,137/-
8.	Total Liabilities	₹ 2,28,56,55,714/-
9.	Investments	Nil
10.	Turnover	₹ 35,82,99,658/-
11.	Profit before taxation	₹ 5,77,68,787/-
12.	Provision for taxation	₹ 1,21,20,057/-
13.	Profit after taxation	₹ 4,56,48,730/-
14.	Proposed Dividend	₹ 1,16,54,484/-
15.	% of shareholding	59.67%

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.
	(i) 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)

Darshana S. Pandya
Director & CEO
(DIN: 07610402)

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

Date : July 06, 2022
Place : Ahmedabad

Annexure - G

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. 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 2021-22:**

Sr. No.	Name	Designation	Nature of Payment	Ratio against median employee's remuneration
1.	Mr. Kamlesh Gandhi	Chairman and Managing Director	Remuneration	125.32:1
2.	Mrs. Darshana Pandya	Director and Chief Executive Officer	Remuneration	14.89:1
3.	Mr. Bala Bhaskaran	Independent Director	Sitting Fees	0.76:1
4.	Mr. Chetan Shah	Independent Director	Sitting Fees	0.86:1
5.	Mr. Umesh Shah	Independent Director	Sitting Fees	0.76:1
6.	Mrs. Daksha Shah	Woman Independent Director	Sitting Fees	0.25:1

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 2021-22:**

Sr. No.	Name	Designation	Nature of Payment	Percentage Increase / decrease over previous year
1.	Mr. Kamlesh Gandhi	Chairman and Managing Director	Remuneration	100.00%*
2.	Mrs. Darshana Pandya	Director and Chief Executive Officer	Remuneration	81.45%*
3.	Mr. Bala Bhaskaran	Independent Director	Sitting Fees	Nil #
4.	Mr. Chetan Shah	Independent Director	Sitting Fees	Nil #
5.	Mr. Umesh Shah	Independent Director	Sitting Fees	Nil #
6.	Mrs. Daksha Shah	Woman Independent Director	Sitting Fees	Nil #
7.	Ms. Riddhi Bhayani	Company Secretary and Compliance Officer	Remuneration	13.74%
8.	Mr. Ankit Jain	Chief Financial Officer	Remuneration	8.19%

- #Independent Directors are paid fixed sitting fees for every meeting attended, amount of the same is not changed during the year.
- *Remuneration of Mr. Kamlesh Gandhi was Nil in the previous financial year hence this year's remuneration is showcasing higher due to the aforesaid reason.
- *In the previous Financial Year Mrs. Darshana Pandya waived some percentage of her remuneration, hence the same is showcasing higher in the financial Year 2021-22.

3. **The percentage increase in the median remuneration of employees in the financial year:** The median remuneration of employees was increased by 11.86% over previous year.

4. **The number of permanent employees on the roll of the Company:** 946 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 increased by 15.26% while the Managerial remuneration increased by 1608.94% 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) The 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.

List of top ten employees in terms of remuneration drawn as on March 31, 2022:

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 Directors
1	Mr. Saumil Dipakbhai Pandya	President & Head Retail Assets	51.85	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/08/1996	50	--	14,251 shares (0.0261%)	Husband of Mrs. Darshana Pandya
2	Mr. Ankit T. Jain	Chief Financial Officer	31.05	On roll	M.B.A. Finance Has more than 1 decade of experience	01/04/2010	35	--	25 shares (Negligible Holding)	--
3	Mr. Dipak M. Dangar	COO - Retail Asset Channel	31.03	On roll	B.E. Chemical & MBA Finance Has more than 1 decade of experience	26/05/2008	39	--	4 shares (Negligible Holding)	--
4	Mr. Sunil Shah	Head Portfolio	28.61	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/07/1998	51	--	488 shares (0.0009%)	--
5	Mr. Gaurang Arvindbhai Kasudia	Head - MIS	28.49	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/08/1996	46	--	338 shares (0.0006%)	--
6	Mr. Nishant Jain	Chief Risk Officer	28.25	On roll	Chartered Accountant Has more than 9 years of experience	03/05/2018	34	Jain Sons Finlease Limited	-	--
7	Mr. Bhavesh D. Patel	Head - Accounts	27.75	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/04/2004	41	Nishu Accounts Consultancy	338 shares (0.0006%)	--
8	Mr. Dhvanil K. Gandhi	Business Development Manager	22.99	On roll	Bachelors in Business Administration Has more than 5 Year of experience	20/07/2011	29	--	34619 shares (0.0633%)	Son of Mr. Kamlesh Gandhi
9	Mr. Ravi Mukeshbhai Shah	Credit Incharge	22.34	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/12/1999	44	--	188 shares (0.0003%)	--
10	Mr. Rajen Shashikant Shah	Project In-Charge	20.76	On roll	MCA, B.Sc. Has more than 2 decades of experience	01/09/2003	48	Akar Laminators Limited	120 shares (0.0002%)	--

Affirmation that the remuneration is as per the remuneration policy of the Company:

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**

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

Date: July 06, 2022
Place: Ahmedabad

Annexure - H

MANAGEMENT DISCUSSION & ANALYSIS - ANNUAL REPORT 2021-22

ECONOMIC OVERVIEW

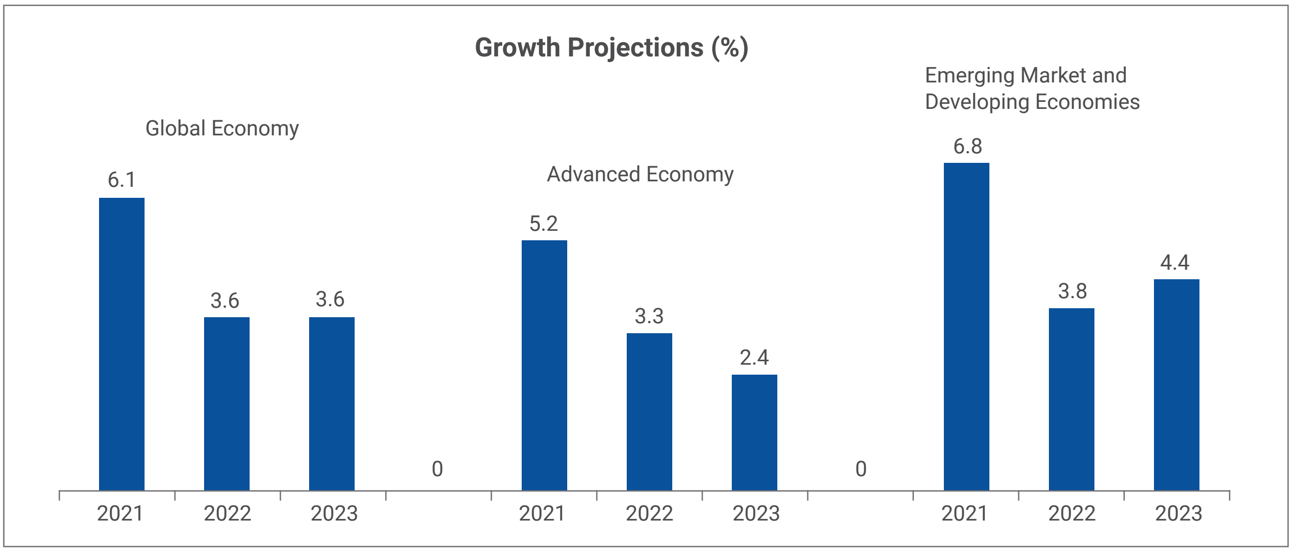
Global Economy

After a sharp dip in economic activity, post the first wave of the COVID-19 pandemic, the global economic witnessed recovery. However, since the beginning of calendar year 2022, a number of challenges have emerged and economic growth appears to be weaker than previously expected.

The combination of factors that have diluted growth impulses include the spread of the Omicron COVID-19 variant and consequent restrictions on mobility, rising energy prices and disruption of supply, which resulted in higher and more broad-based inflation, across the globe. In addition, the retrenchment of China's real estate sector and slower-than-expected recovery of private consumption have limited growth prospects too.

Most recently, the war in Ukraine and geo-political tensions that it has unleashed have become another constraint for the global economy, beyond its socio-political and humanitarian implications.

Keeping all these factors in mind, the April 2022 issue of the World Economic Outlook by the IMF projected global growth at an estimated 6.1% in Calendar Year (CY) 2021 and 3.6% in CY2022 and CY2023. Beyond that, it forecast growth to remain at around 3.3% over the medium term.



Source: IMF World Economic Outlook - April 2022

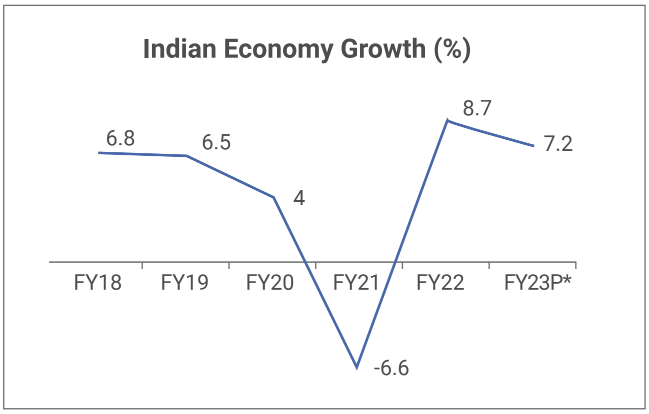
With respect to price pressures, it expects war-induced commodity price increases to touch 5.7% in advanced economies and 8.7% in emerging market and developing economies in CY2022. The IMF advised that multilateral efforts were the need of the hour to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change and end the pandemic.

Indian Economy

The Indian economy has demonstrated a V-shaped recovery, with GDP in value terms marginally crossing pre-pandemic levels.

According to a Mospi press release (31st May, 2022), the growth in GDP during FY 2021-22 was 8.7% as compared to a contraction of 6.6% in FY 2020-21. The per capita GDP (at current prices) rose to ₹ 1,72,913 for FY 2021-22.

According to Budget 2022, there has been a rebound in several high frequency indicators and merchandise exports are showing buoyancy. This signs of recovery are expected to be supported by a higher Rabi output, which typically keeps rural demand buoyant and contributes to containing food prices. Additionally, private investment activity is also looking up as the Government schemes, such as PLI, have begun to deliver results.



Source: # Mospi Press Release (31st May, 2022) and
*RBI Monetary Policy (8th June, 2022)

Nevertheless, the external situation which is characterised by geo-political tensions and rising commodity prices, which are severely setting back global recovery, are expected to impact the Indian economy's recovery too. The IMF cut its growth forecast for India to 8.2% for FY 2022-23 on the premise that the Russian invasion of Ukraine would escalate price rises and impact both consumption and growth. It expects consumer demand and private investments in India to be impacted by oil prices, which will expand the current account deficit to 3.1%.

The RBI's growth estimate for FY 2022-23 at 7.2% is even more conservative and based on crude oil prices at USD 100 per barrel. The central bank noted that as the horizon was brightening up, escalating geopolitical tensions have cast a shadow on the domestic economic outlook. Although India's direct trade exposure to countries at the epicentre of the conflict is limited, the war could potentially impede the economic recovery through elevated commodity prices and global spill-over channels. Further, financial market volatility induced by monetary policy normalisation in advanced economies, renewed COVID-19 infections in some major countries with augmented supply-side disruptions and protracted shortages of critical inputs, such as semi-conductors and chips, pose downside risks to the outlook

Despite international headwinds, India is still expected to retain its tag as the fastest growing major global economy as China's growth forecast has been drastically slashed.

INDUSTRY OVERVIEW

Financial Services Industry

India has a robust and long-standing financial services industry. It is well regulated and in recent times, it has been expanding rapidly into the segments that have been underserved or overlooked in the past in an effort to promote financial inclusion.

The financial sector is well diversified and comprises of a range of traditional entities, such as commercial banks, insurance companies, non-banking financial corporations (NBFCs), cooperatives, pension funds, mutual funds and other smaller financial institutions. At the same time, the RBI, which regulates the sector, has allowed new entities, such as payment banks, small finance banks etc. to operate in the sector.

Digital technology has become a prominent engine of the industry. While older organisations have been adopting technology to gain efficiency and facilitate stronger customer connect, there is a new breed of fintech companies, which lie at the confluence of finance and technology, that have emerged. All this has infused speed, innovation and transparency to the financial services sector.

During the COVID-19 pandemic, the financial sector undertook various initiatives to mitigate pandemic-induced stress. Financial sector regulators and the government rolled out a number of measures, including extending existing relaxations to provide relief. Additionally, several significant regulatory initiatives were taken towards fortifying the resilience of the financial system and entities therein, ease access to financial products, strengthen the grievance redressal mechanism and protect the interests of depositors and investors.

As the economy recovers from the pandemic, the financial system has been supporting the revival of growth. The RBI has decided to remain focussed on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

NBFCs in India

Non-Banking Finance Companies (NBFCs) have played an important role in the Indian financial system by complementing and competing with banks, and by bringing in efficiency and diversity into financial intermediation. These entities have evolved considerably in terms of operations, heterogeneity, asset quality and profitability, and regulatory architecture.

This segment of the financial sector has witnessed rapid growth in actual terms as well as relative to banks over the past decade. Some of the leading growth drivers for NBFCs have been their customised product offerings and ability to leverage technology to improve efficiency and enhance customer experiences. They have been successful in tying up with multiple alternative lenders with digital platforms and commercial banks as well, which has been adding to their targeted customer base. NBFCs have also progressed due to enhanced governance through a proactive, robust and agile risk management model and the introduction of a scale-based regulatory framework by the RBI. Regulations for most large NBFCs are similar to those for banks, with some modifications factoring in heterogeneity and the target segment. NBFCs also offer higher amounts of loan against security as compared to banks and have a lower turnaround time as they are able to meet immediate funding requirements with faster loan processing systems.

Most importantly, in this era, where the government is focussing on financial inclusion, have been able to drive this mission by providing last-mile access to financial services and meet the diversified financial needs of individual as well as micro, small and medium enterprises (MSME) customers who have been overlooked or understood by the banking sector.

According to a report by Avendus, themed Retail Lending in a post COVID World: Winners and Laggards (May 2022) between FY 2020-21 and FY 2023-24, retail credit is expected to make a strong comeback and grow at 13-15%.

The report noted that over the past two years, liquidity for the sector has remained adequate and entities have typically maintained coverage of their next three-month repayments. It suggested that the disbursement growth will have to remain healthier for a sustained AUM growth.

MSME Sector

There are approximately 6.34 crore MSME units in India according to Confederation of Indian Industry (CII). These units are spread across the length and breadth of the country and contribute substantially to the progress of the economy while also driving socio-economic development too.

CII estimates that this sector employs around 12 crore people. MSMEs contribute around 6.11% of the manufacturing GDP and 24.63% of the GDP from service activities as well as 33.4% of India's manufacturing output. It also accounts for around 45% of the overall exports from India.

During the lockdowns that were mandated to prevent the spread of the COVID-19 virus, units in this sector were the most adversely affected segment of business enterprises. They simultaneously faced a disruption in their production and services alongside logistical and manpower issues.

The government announced various policies to protect this segment of industry from the crisis. The Aatmanirbhar Bharat mission contained initiatives that offered some relief to MSMEs. It intermittently offered subordinate debt for stressed MSMEs and equity infusion through an MSME Fund of Funds (SRI Fund). There was an Emergency Credit Line Guarantee Scheme (ECLGS) for businesses under the mission, which got augmented during the Union Budget 2022-23. The government also mandated that there could be no global tenders for government procurement up to a certain limit, to encourage domestic sourcing by the public sector. Last, but not the least, it made structural changes in the sector by redefining the qualifying criteria for different parts of the MSME space.

Housing Finance

India is the second-most populated in the world and more than 31% of its total population, i.e. about 377 million people, live in urban areas. As per the National Commission on Population, by the year 2030 approximately 40% of the total population of India would be residing in urban areas.

A survey by Knight Frank India pointed out that there is a substantial housing shortage in urban India and a wide gap exists between the demand and supply of affordable housing, both in terms of quantity and quality.

The demand for housing is expected to stay strong over the long-term due to various factors, beyond the increasing trend of urbanisation. These include a young demographic, rising disposable incomes, and various policies by the government to promote housing, including tax incentives. Further, over the years, the affordability of homes has improved as annual incomes have increased but at the same time, property costs have remained relatively stable for many years.

Automobiles

According to the industry body, Society of Indian Automobile Manufacturers (SIAM), the automobile sector produced a total of 2.29 crore vehicles in FY 2021-22 as against 2.26 crore in FY 2020-21. This translated into a marginal growth of 1.32% during FY 2021-22 from a degrowth of 14% between FY 2020-21 and FY 2019-20.

While the production figures pertain to Passenger Vehicles, Commercial Vehicles, Three-Wheelers, Two-Wheelers and Quadricycles, two segments dominate the domestic auto market in India - Two-wheelers and passenger vehicles.

Within the passenger car segment, sales are typically dominated by small and mid-sized cars. In FY 2021-22, Two-wheelers and passenger cars accounted for 77% and 18%, respectively, of the automobile market. These segments witnessed increased demand on the back of advancements in infrastructure, the young demographic with rising incomes and access to finance for the purchase of automobiles.

Domestic sales declined by close to 6% during FY 2021-22 on account of supply side bottlenecks within the industry as well as the chip shortage, which affected many carmakers.

Automobile Domestic Sales Trends

(In number)

Category	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Passenger Vehicles	3,047,582	3,288,581	3,377,389	2,773,519	2,711,457	3,069,499
Commercial Vehicles	714,082	856,916	1,007,311	717,593	568,559	716,566
Three-Wheelers	511,879	635,698	701,005	637,065	219,446	260,995
Two-Wheelers	17,589,738	20,200,117	21,179,847	17,416,432	15,120,783	13,466,412
Quadricycle	0	0	627	942	-12	124
Grand Total	**21,863,281**	**24,981,312**	**26,266,179**	**21,545,551**	**18,620,233**	**17,513,596**

To help the industry overcome these difficult times, the Government announced various policies with targeted schemes, like PLI and the extension of the FAME scheme, amongst other measures, to support the industry. Auto manufacturers also rose to the occasion by keeping the value chains functional through indigenisation of parts, cost controls, investment in new technologies and a shift in focus to exports.

In contrast, exports increased by a robust 36%, reflecting a pick-up in global demand.

Automobile Exports Trends

(In number)

Category	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Passenger Vehicles	758,727	748,366	676,192	662,118	404,397	577,875
Commercial Vehicles	108,271	96,865	99,933	60,379	50,334	92,297
Three-Wheelers	271,894	381,002	567,683	501,651	393,001	499,730
Two-Wheelers	2,340,277	2,815,003	3,280,841	3,519,405	3,282,786	4,443,018
Quadricycle	1,556	1,605	4,400	5,185	3,529	4,326
Grand Total	**3,480,725**	**4,042,841**	**4,629,049**	**4,748,738**	**4,134,047**	**5,617,246**

COMPANY OVERVIEW

Incorporated in 1995, MAS Financial Services Limited (hereinafter referred as 'MAS'/'the Company') is a diversified Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India (RBI). Based out of Ahmedabad, the Company provides specialised retail financing services to lower income and middle-income groups of the society.

Over the past two decades, it has been primarily catering to the needs of the financially underserved masses spread across urban, semi-urban, and rural areas in the formal and informal sectors of the economy.

To meet the varied needs of its customers, MAS offers a wide range of retail finance products such as micro-enterprise loans, SME loans, home loans, two-wheeler loans and commercial vehicle loans.

The Company's operations are built on the basis of its highly experienced management team, huge borrower base, diverse product mix, efficient liability management and well-spread branch network.

Distribution Network

To offer top quality services to its customers at their doorstep, the Company has established a strong distribution network. It operates out of 125 branches, spread across the states of Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu, Karnataka & Delhi NCT.

This established network enables the Company to serve the underserved and capture a significant share of the untapped demand in the hinterlands with last-mile delivery of credit. On the strength of its in-depth knowledge of the market, the Company has established strong and time-tested connects with MFIs, HFCs and other NBFCs focussed on similar products.

MAS has forged robust value chains to extend its financial services to the underpenetrated regions and Bottom of the Pyramid (BOP) segment. The Company's mission is to penetrate the informal financial sector and spread inclusivity using its distribution network of these channel partners.

As on 31st March, 2022, MAS catered to 6,75,000+ active loan accounts in more than 4,438 customer locations through its robust network of 125 branches.

Partnerships with Various NBFCs

MAS has been developing a strategic partnership model which entails collaborating with various NBFCs to ensure success for all stakeholders which involves - the Company, its partners and customers.

While the Company offers its domain expertise and lines of credit, partners undertake last-mile credit delivery more effectively. This enables building of stronger networks and fostering of customer trust. Further, the Company can improve its customer base without excessive investments in physical infrastructure by leveraging the operational efficiency and customer relationships of its partners, especially in relatively remote areas of India. The target clients can approach the formal financial sector to meet their financing needs.

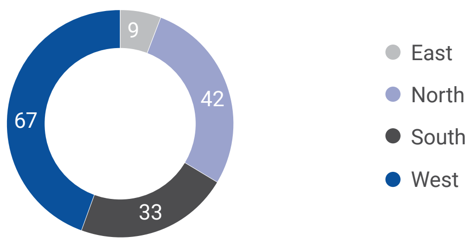
MAS has also entered into commercial arrangements with various sourcing partners where part of a loan default is guaranteed by such sourcing partners. These revenue-sharing arrangements act as a relatively stable revenue source for such sourcing partners and are therefore attractive to them.

As of 31st March, 2022, MAS had 372 sourcing intermediates for its Commercial Vehicle Loans and 312 for its Two-Wheeler Loans.

The Company has been able to scale business rapidly, due to the unique and robust distribution network created through partnership with NBFCs and NBFC-MFIs. It has also strengthened its pan-India presence and mitigated the risk of overdependence. At the same time, this model keeps both operating expenditure and credit quality under control as the NBFC partner bears both the cost of sourcing the end-customer and the risk of default.

As of 31st March, 2022, the Company had 151 strategic partner NBFCs. Out of the 81 partners in FY 2021-22, around 53.64% fall within the AUM range of ₹ 50 – ₹ 500 crore allowing the Company to reach a larger customer base in remote geographies and considerably reducing the turnaround time for extending credit to customers. Moreover, majority of its partners maintained a healthy Capital Adequacy Ratio (CAR) of more than 20%, which is well above the threshold limit.

Regionwise NBFCs and NBFC-MFI Partners - FY 2021-22



BUSINESS PERFORMANCE

With its diverse range of financial products and services, MAS is in a strong position to meet the financial needs of customers in the low and middle income segments.

Performance of various Product Offerings

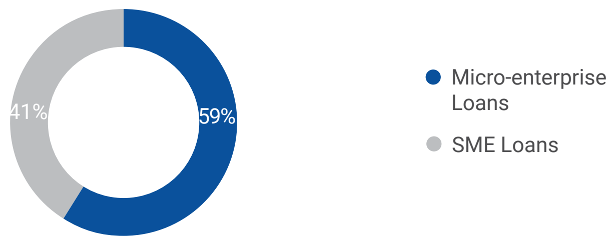
MSME Loans

Micro-Enterprise Loan (MEL)

MAS offers loans to small enterprises spread across 190 business categories, including retailers, traders, small manufacturers and service providers. The ticket size of these loans ranges from ₹ 0.5 lakh to ₹ 10.0 lakhs.

Small & Medium Enterprises (SME) Loan

The Company offers loans to SMEs engaged in manufacturing, trading or services, for the purchase of fixed assets, like machinery or industrial property, and also for their working capital requirements such as purchase of stock, replacing trade credit, etc. The ticket size of these loans ranges from ₹ 10 lakhs to ₹ 3 crore.



FY 2021-22, MAS provided loans amounting to ₹ 3,308.67 crore as MEL loans and ₹ 2,211.90 crore as SME loans. The AUM for MEL loans stood at ₹ 3,249.38 crore and SME loans stood at ₹ 2,274.80 crore as on 31st March, 2022 as compared to ₹ 2,970.46 crore and ₹ 1,872.37 crore respectively as on 31st March, 2021.

Two-Wheeler and Commercial Vehicle Loans

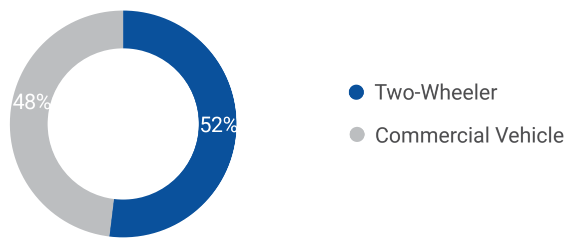
Two-Wheeler Loans

MAS offers two-wheeler loans to farmers, self-employed businessmen, professionals and salaried customers in urban, semi-urban, and rural areas. The ticket size of these loans ranges from ₹ 25,000 to ₹ 1.50 lakhs.

Commercial Vehicle Loans

The Company provides for the purchase of commercial vehicles. The ticket size of loans for the purchase of old/new commercial vehicle ranges from ₹ 33,000 to ₹ 15 lakhs.

MAS also assists individuals and businesses in buying bikes for personal use or to expand their transport/distribution business. In FY 2021-22, MAS provided loan amounting to ₹ 558.56 crore.

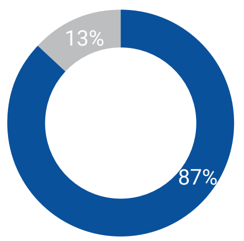


AUM for Commercial Vehicles and Two-Wheeler Loans stood at ₹ 720.90 crore as on 31st March, 2022 in comparison to ₹ 529.61 crore as on 31st March, 2021.

Housing Loans

MAS Rural Housing & Mortgage Finance Ltd. (MRHMFL) is a subsidiary of MAS. It was set up as a Housing Finance Company (HFC) in 2008, to provide affordable housing loans to customers in the low and middle-income group, especially in semi-urban and rural areas. MRHMFL offers housing loans to customers for the purchase, construction or renovation of their homes. It also extends loans to developers for the construction of affordable housing projects.

In FY 2021-22, MRHMFL provided housing loans amounting to ₹ 105.51 Crore.



As on 31st March, 2022, the AUM for MRHMFL's business stood at ₹ 316.34 crore as compared to ₹ 284.90 crore as on 31st March, 2021.

FINANCIAL PERFORMANCE

(Amount in ₹ Lakhs)

Particulars	Standalone		Consolidated	
	Year Ended on 31st March, 2022	Year Ended on 31st March, 2021	Year Ended on 31st March, 2022	Year Ended on 31st March, 2021
Revenue from Operations	65,594.47	59,324.71	69,017.37	62,739.48
Other Income	150.58	64.19	93.40	31.75
Total Income	**65,745.05**	**59,388.90**	**69,110.77**	**62,771.23**
Total Expenditure	**44,578.25**	**40,099.61**	**47,462.46**	**43,174.32**
Profit Before Tax	**21,166.80**	**19,289.29**	**21,648.31**	**19,596.91**
Provision for Taxation (Including Current Tax, Deferred Tax & Income Tax of earlier Years)	5,384.16	4,938.99	5,533.43	5,044.48
Net Profit	**15,782.64**	**14,350.30**	**16,114.88**	**14,552.43**
Profit Brought Forward	39,634.96	28,104.57	39,934.36	28,381.53
Net Profit after profit attributable to minority shareholders	-	-	(184.12)	(116.42)
Item of other comprehensive income recognised directly in retained earnings - on defined benefit plan	(8.30)	50.15	(7.19)	54.03
Profit Available for Appropriation	**55,409.30**	**42,505.02**	**55,857.93**	**42,871.57**
APPROPRIATIONS:				
Transfer to reserve u/s 45-IC of RBI Act, 1934	(3,156.53)	(2,870.06)	(3,156.53)	(2,870.06)
Transfer to reserve u/s 29-C of NHB Act, 1987	-	-	(87.29)	(66.83)
Final Dividend on Equity Shares	(819.93)	-	(819.93)	-
Interim Dividend on Equity Shares	(683.28)	-	(683.28)	-
Dividend distribution tax on Equity Shares	-	-	-	(0.32)
Surplus Balance carried to Balance Sheet	**50,749.56**	**39,634.96**	**51,110.90**	**39,934.36**

Details of significant changes in Key Financial Ratios

During FY 2021-22, Operating Expense Ratio (OE Ratio) witnessed a change exceeding 25% or more as compared to the immediately previous financial year. The change in the key financial ratio on a comparable basis was due to the business returning to normal post COVID.

Details of changes in Operating Expense Ratio:

For FY 2021-22, the Company's Operating Expense Ratio was 1.59% as compared to 1.02% for FY 2020-21.

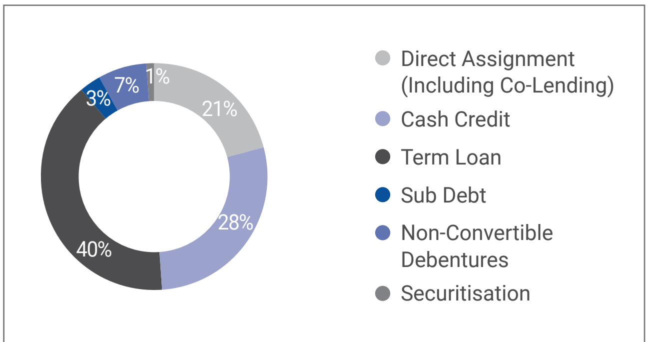
LIABILITY MANAGEMENT

MAS considers liability management as a critical function. Prudent liability management has enabled the Company to tide over challenges within the industry, as well as raise adequate liability as per regulatory requirements.

Over the years, the Company has developed robust bonds and established itself with leading banks and financial institutions. With this sterling reputation, fund management experience and expertise, it aims to deliver benefits to its clients and value for its stakeholders.

During the year under review, the Company continued to efficiently manage its Asset Liability Management (ALM). It continued to follow a strategy comprising a judicious borrowing mix of term loans, debentures, direct assignment and cash credit.

As on 31st March, 2022, the Company's total borrowings stood at ₹ 4,550.06 crore. Around 75% of the asset portfolio comprises of MSME loans, which qualifies as Priority Sector Lending. The Company aims to maintain around 20%-25% of AUM as off book through direct assignment and Co-lending transactions. It is with door-to-door maturity and without recourse to the Company. This further strengthens the liability management.



Following prudent practices, the total Cash credit limit available to the Company is ₹ 1,825 crore spread across 14 banks. The utilisation level is maintained at 65% - 70% of the total Cash Credit Facility, ensuring sufficient liquidity on hand.

As on 31st March, 2022, the Company had a liquidity buffer of around ₹ 800 crore and an unutilised Cash Credit facility of around ₹ 300 crore. In addition, the Company has a sanction on hand to the tune of ₹ 1,200 crore in the form of Term Loan, NCD and Direct assignment.

MAS has also assessed its structural liquidity for the period ended 31st March, 2022 and concluded that there is no negative impact on liquidity and the cash flow. The Company has also stress-tested its liquidity model and is comfortably placed to meet its repayment obligations for the entire year.

RESOURCE MOBILISATION

Share Capital: As on 31st March, 2022, the issued and paid-up Equity Share Capital of the Company stood at ₹ 54.66 crore consisting of 5.46 crore Equity Shares of ₹ 10 each.

Term Loan: For FY 2021-22, the Company availed term loans amounting to ₹ 1,460 crore with an average tenure of 4 years.

Assignment of Loan Portfolio/Co-Lending: For FY 2021-22, the Company has done assignment of portfolio/co-lending to the tune of ₹ 1,329.68 crore.

Securitisation of Loan Portfolio: For FY 2021-22, the Company has done Securitisation of Loan Portfolio to the tune of ₹ 89.22 crore.

Non-Convertible Debentures (NCDs): For FY 2021-22, the Company has issued NCDs (Including Subordinated Debentures of ₹ 100 crore) to the tune of ₹ 400 crore.

CREDIT RATINGS

For FY 2020-21, the below credit rating was obtained from:

Acuité Ratings & Research

Acuité has reaffirmed its long-term rating of 'ACUITE AA-' (read as ACUITE double A minus) on the ₹ 4,500 crore bank facilities with 'Stable' Outlook.

Acuité has reaffirmed its short-term rating of 'ACUITE A1+' (read as ACUITE A one plus) on the ₹ 300 crore Commercial Paper Programme.

CARE Ratings

CARE has reaffirmed its rating of CARE A+ (read as Single A Plus) on the ₹ 5,000 crore Long Term Bank Facilities with 'Stable' Outlook.

CARE has reaffirmed its rating of CARE A+ (read as Single A Plus) on the ₹ 500 crore Non-Convertible Debenture (NCD) Issue with 'Stable' Outlook.

CARE has reaffirmed its rating of CARE A1+ (read as A One Plus) on the ₹ 250 crore Commercial Paper Issue.

CARE has assigned its rating of CARE PP-MLD A+ (read as Principal Protected-Market Linked Debentures Single A Plus) on the ₹ 400 crore Principal Protected Market Linked Debenture (MLD) Issue with 'Stable' Outlook.

CARE has assigned its rating of CARE A+ (read as Single A Plus) on the ₹ 100 crore Subordinated bonds Facilities with 'Stable' Outlook.

ICRA Limited

ICRA has reaffirmed its rating of ICRA A on the ₹60 crore Subordinated Debt Program with 'Stable' Outlook.

CAPITAL MANAGEMENT

MAS continuously works towards maximising returns on capital employed with a prudent capital management strategies. It ensures that these strategies are within the purview of the guidelines laid down by the RBI. The Company aims to enhance its capital management practices with the goal of strengthening its balance sheet.

CREDIT AND RISK MANAGEMENT

MAS views risk management as an integral function of the Company. There are various risks that the Company may encounter; some of which emerge from within the Company while others may arise due to external factors.

Various risk management measures have been instituted to pre-empt, check and mitigate these risks. The Company clearly defines risk appetite, functional policies and key risk indicators (KRIs) to explicitly define the level and nature of risk that it is willing to take.

Its risk management structure proactively identifies the risks, implementing robust risk mitigation measures and continuous review of the same. These broadly include risk assessment, risk catalogue, risk appetite framework, risk planning, risk culture, internal controls and good governance.

To pre-empt and minimise credit risk, MAS has developed customised credit analysis procedures for each product depending on the nature of the customer, purpose of the loan and the amount of loan advanced. The risk and collection department continuously align credit and collection policies and resourcing, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle management team. Further, MAS maintains sufficient spreads, offers relatively short tenure loans and resets lending rates periodically to mitigate the risk of interest rate volatility.

At the end of FY 2021-22, the net NPAs of the Company stood at 1.70% of total AUM. During the year under consideration, it has extended loans with an average tenure of 23 months. Besides, MAS has a well-diversified portfolio of borrowers within its business segments. The inter-segment and intra-segment diversity applies to a very large market size, serves as a very potent protection against market risks that could occur due to various macro-economic developments. Moreover, the Company on a regular basis tracks the market developments and undertakes appropriate actions whenever required.

OPPORTUNITIES & THREATS

MAS constantly monitors the external environments and internal situation so that it is aware of the opportunities and threats that emerge. This enables the Company to tap into the positive prospects that come its way while overcoming or bypassing the challenge of threats.

Opportunities

- Diverse loan book and pan-India presence to accelerate growth
- Unique Business Model helps to minimise risk and operating cost
- Adequate capitalisation to support medium-term growth plans
- Brand recognition among lower income and middle income groups of the society spread across urban, semi urban, and rural areas
- Operates in underpenetrated business segment with huge growth potential
- Successful track record of catering to the MSME sector
- Initiatives by the Government to further boost MSME sector

Threats

- Unpredictable policy changes by the Government
- Increasing competition from local and global players
- Higher exposure to semi-formal and informal sector customers

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

MAS has adequate internal controls and standardised operating processes that are envisaged to protect assets and business efficiency. The Company has established strong and well-entrenched internal control procedures commensurate with its size and operations and relevant to its broad domain of the lending business.

Internal financial controls have been developed for and implemented at every business process across the Company. This ensures strict adherence and compliance with statutes and laws. Checks and balances and control systems have been established to ensure that assets are safeguarded, utilised with proper authorisation and recorded in the books of account.

The Company takes a complete 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 outstanding.

MAS is continuously strengthening its due diligence, audit process, evaluation and the exposure matrix for all its NBFC partners. Internal controls also include regular monitoring of operational expenditure with an endeavour to bring it down through improved efficiencies.

The efficacy and adequacy of internal controls and their execution are driven by the ethos of striving for constant improvement. The Company's Audit Committee reviews the internal control system and looks into the observations of the statutory and internal auditors. This includes review of policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business and fixing responsibility against all the controls.

The management tests the controls across processes and redressal of any deviations in business operations is undertaken. The Audit function provide reasonable assurance regarding the effectiveness and efficiency of operations, safeguarding of assets, reliability of financial records and reports and compliance with applicable laws and regulations.

HUMAN RESOURCES

MAS values its human capital and acknowledges that this resource is the most crucial asset that drives its growth. Accordingly, it constantly aims to provide its people with a conducive work environment and deliver employee satisfaction while motivating them to achieve more on a personal and professional level. The Company has fostered a work culture that is inclusive and encourages everyone to take responsibility and feel a sense of pride in what they do. This approach has resulted in a high retention rate.

MAS consistently reviews its business and people policies towards improving ways of working. The Company has established robust talent management practices with development interventions, productivity improvement initiatives and reward mechanisms. All these serve the dual purpose of achievement of organisational goals and key milestones as well as retention of people.

MAS is also committed to enriching its people's capabilities by encouraging them to upgrade their knowledge and upskill through Learning & Organisational Development.

The leaders of the Company – its promoters and management - adhere to the highest standards of corporate governance and are proactively involved in its strategic progress. The senior management team comprises experienced professionals who have been in the lending business and have been associated with MAS since its inception.

As on 31st March, 2022, the employee strength of the Company stood at 946.

OUTLOOK

The role of NBFCs in the larger financial sector is expected to gain in strategic importance. As these enterprises begin to cater more deeply to the financial needs of the hitherto overlooked or under-served segments of the population, their market share and product range will expand. The segment that they are targeting is immense and they have only begun to scratch the surface.

Being predominantly digital natives, there is already a trend towards greater use of digital tools and technology amongst NBFCs in their processes and customer outreach. This will enhance their efficiency parameters, going forward. Additionally, as NBFCs cater to those at the bottom of the pyramid, both at the individual as well as enterprise level, it is assumed that while their clients rise in economic status, they will continue to patronise the financiers that have introduced them to the formal financial sector, assuming that they receive good service and suitable products.

Within this evolving scenario, MAS has clarity on the path ahead with respect to its approach to Asset Creation and Liability Management.

MAS envisions continuing to serve the informal LIG and MIG class of customers spread over rural, semi urban and urban areas, leveraging its experience of over two decades and striving to add value to its clients' lives. SME and Housing finance offer huge potential and the Company will maintain adequate focus on these verticals as it anticipates that they could be key growth drivers.

The Company believes that growth, along with asset quality, is the key to enhancing shareholder value. It anticipates that growth will remain in the range of 20-30% over the next five years, with an understanding that it will recalibrate this range, depending on how the macro-economic situation pans out. Accordingly, it plans to prioritise asset quality and profitability and thereby maintain healthy ROA and ROCE.

Further, the Company seeks to strengthen its distribution network within the current states where it is operational, while exploring the potential of entering into new geographies. It also endeavours to provide one of the most efficient financial services, which it terms as the 'Power of Distribution'.

Where Liability Management is concerned, MAS believes in maintaining an ideal debt resource mix and ensuring continuous flow of funds while maintaining an optimum utilisation of capital. The assets created by the Company are expected to generate good securitisation and assignment demand and thereby enable MAS to de-risk and maintain its off-book portfolio.

Finally, to achieve Operational Excellence, MAS believes in learning and unlearning in a constant endeavour to improve efficiency in all areas of operation.

DISCLOSURE OF ACCOUNTING TREATMENT

The Company opted a prudent practice of amortising the income over the tenure of loans assigned instead of booking it upfront. This practice in management's view ensures true and fair financial position of the Company. The same is a deviation from the Ind AS 109 'Financial Instruments' but according to the management well within the framework of Ind AS 1 para 19 and 20.

Please refer note 32 of the standalone financial statements for detailed explanation.

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of MAS, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Company's Annual Report FY 2021-22.

Annexure - I

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance pursuant to Schedule V (C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and forming Part of the Directors' Report for the year ended March 31, 2022.

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.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as applicable, with regard to corporate governance and the Regulations of RBI for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (the 'NBFC Regulations'), as applicable to 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:

a) The Board of the Company comprises six (6) Directors out of which one (1) is Promoter Executive Director, one (1) is Woman Executive Director, one (1) is Woman Independent Director and Three (3) are Independent Directors as on March 31, 2022, the details of which are as below:

Name of Directors	Designation	Category	Date of Appointment	Total Directorship including this Company	No. of Committee Membership/ chairman in other Domestic Companies including this Company^		No. of Equity Shares held as on March 31, 2022
					Chairman#	Members ##	
Mr. Kamlesh Chimanlal Gandhi	Chairman & Managing Director (Promoter)	Executive Director	25/05/1995	5	-	-	63,04,508
Mrs. Darshana Saumil Pandya	Director & CEO	Executive Director	23/09/2016	4	-	3	15,434
Mr. Balabhaskaran	Independent Director	Non - Executive Director	25/05/1995	4	3	-	945
Mr. Chetan Ramniklal Shah	Independent Director	Non - Executive Director	06/06/2008	2	-	3	Nil
Mr. Umesh Rajanikant Shah	Independent Director	Non - Executive Director	21/12/2016	1	-	1	250
Mrs. Daksha Niranjan Shah	Independent Director	Non - Executive Director	14/03/2019	10	-	-	Nil

^ Committee includes Audit Committee and Stakeholder Relationship Committee across all Public Companies.

Details of Chairman in Committees:

Director	Committee
Mr. Balabhaskaran	1. Audit Committee – MAS Financial Services Limited 2. Stakeholder Relationship Committee – MAS Financial Services Limited 3. Audit Committee – MAS Rural Housing & Mortgage Finance Limited

Details of Membership in Committees:

Name of Director	Membership in Committees
Mr. Balabhaskaran	1. Audit Committee - MAS Financial Services Limited 2. Stakeholder Relationship Committee - MAS Financial Services Limited 3. Audit Committee – MAS Rural Housing & Mortgage Finance Limited
Mr. Umesh Shah	1. Audit Committee – MAS Financial Services Limited
Mr. Chetan Shah	1. Audit Committee – MAS Financial Services Limited 2. Stakeholder Relationship Committee – MAS Financial Services Limited 3. Audit Committee – MAS Rural Housing & Mortgage Finance Limited
Mrs. Darshana Pandya	1. Audit Committee – MAS Financial Services Limited 2. Stakeholder Relationship Committee – MAS Financial Services Limited 3. Audit Committee – MAS Rural Housing & Mortgage Finance Limited

None of the above Directors bear inter-se relation with other Directors.

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 on the Board holds directorships in more than seven listed companies and none of the Independent Director serves as an Independent Director in more than seven listed companies.

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.

b) Names of the other listed entities where the person is a Director and the Category of Directorship:

Names of Directors	Name of the listed entities	Category of Directorship
Mrs. Daksha Shah	Sadbhav Infrastructure Project Limited	Non-Executive - Independent Director

BOARD MEETINGS:

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 Ahmedabad.

During the year under review, Board of Directors of the Company met 5 (Five) times, viz May 19, 2021, July 22, 2021, August 11, 2021, October 27, 2021 and February 02, 2022.

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 (2021-22)	No. of Board Meeting attended during the year (2021-22)	Attended the previous AGM (Yes or No)
Mr. Kamlesh C. Gandhi	5	5	Yes
Mrs. Darshana S. Pandya	5	5	Yes
Mr. Balabhaskaran	5	5	Yes
Mr. Chetan R. Shah	5	5	Yes
Mr. Umesh R. Shah	5	5	Yes
Mrs. Daksha N. Shah	5	5	Yes

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	-
	5. Finance Industry Development Council	Non-Executive Director	-
Mrs. Darshana Saumil Pandya	1. MAS Financial Services Limited#	Executive Director	Audit Committee – Member Stakeholders' Relationship Committee - Member
	2. MAS Rural Housing & Mortgage Finance Limited	Executive Director	Audit Committee - Member
	3. Swalamb MASS Financial Services Ltd.	Executive Director	-
	4. Prarthna Marketing Private Limited	Executive Director	-
Mr. Balabhas-karan	1. MAS Financial Services Limited#	Non - Executive Director	Audit Committee – Chairman Nomination & Remuneration Committee – Chairman Stakeholders' Relationship Committee - 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 Stakeholders' Relationship Committee - 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. Altura Financial Services Limited	Executive Director	-
	5. Rohtak – Panipat Tollway Private Limited	Non - Executive Director	-
	6. Rohtak – Hissar Tollway Private Limited	Non - Executive Director	-
	7. Sadbhav Jodhpur Ring Road Private Limited	Non - Executive Director	-
	8. Sadbhav Kim Expressway Private Limited	Non - Executive Director	-
	9. Maharashtra Border Check Post Network Limited	Non - Executive Director	-
	10. Sadbhav Gadag Highway Private Limited	Non - Executive Director	-

*Committee includes Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee (SRC) across all Public Companies.

Securities of the Entity are listed on Stock Exchange.

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 is the Founder, Chairman and Managing Director of the Company. 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. He holds Higher secondary school examination certificate from the Gujarat Secondary Education Board, Gandhinagar in 1983. His understanding and the vision is among the key enables for the consistent performance of the Company.
2.	Mrs. Darshana S. Pandya		She is having vast experience in the Finance sector for past 25 years. 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 & CEO. She is very dedicated towards her roles & responsibilities. She is having good exposure in the Finance sector. During her career span, she has successfully established and led many innovative services which have led the organization grow. (i.e. created value in the organization). 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.
3.	Mr. Balabhaskaran		He has over 25 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.
4.	Mr. Chetan R. Shah		He has over 36 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.
5.	Mr. Umesh R. Shah		He has more than three 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). The Company is benefitted from the valuable experience, knowledge and Expertise Mr. Umesh R. Shah.

Sr. No.	Name of the Directors	Skills/Expertise identified by the Board	Specialization
6.	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 of Mrs. Daksha N. Shah.

In the opinion of the Board, the independent directors fulfill the conditions specified in Listing Regulations 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 Independent Directors in line with the Companies Act, 2013 and the provisions of Listing Regulations. The terms and conditions of appointment of Independent Directors and Code for Independent Directors are hosted 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 alongwith in compliance in Rule 6 (1) and (3) of Companies (Appointment and Qualifications of Directors) Rules, 2014 as amended from time to time and Regulation 25 (8) & (9) of Listing Regulations.

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 February 2, 2022 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 Company has held programmes for the Independent Directors and some of such programmes carried out during the year were as under:

- Various presentations were made by the Senior Executives, Statutory Auditor inter alia, about the business of the Company and of its subsidiaries from time to time, on different functions and areas, with special reference to the nature of the industry in which these companies operate.
- Deliberations were held and presentations were made from time to time on major development in the areas of the Companies Act 2013, notifications including amendments in existing regulations issued by the Securities and Exchange Board of India (SEBI), and amendments in circular of Reserve Bank of India (RBI).
- 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 Company conducted Five (5) programmes during the year 2021-22 and the time spent by Independent Directors was in the range of 1.5-2 hours.

It may be noted further that the independent directors of the Company being persons of great eminence and expertise were already well conversant with the business and functioning of the Company, as also with other aspects referred to in the above-said regulation. Further, considering the variety of programmes conducted for the independent directors, the particulars of number of programmes, numbers of hours spent in such programmes & such other details of familiarization programmes are not being provided separately.

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 18, 2021, July 21, 2021, July 22, 2021, August 10, 2021, October 27, 2021 and February 02, 2022.

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 2021-22	
		Held	Attended
Mr. Balabhaskaran	Chairman	6	6
Mr. Chetan Shah	Member	6	6
Mr. Umesh Shah	Member	6	6
Mrs. Darshana Pandya	Member	6	6

The Statutory Auditors and Internal Auditors of the Company are invited in the meeting of the Committee wherever required.

Mr. Balabhaskaran, the Chairman of the Audit Committee had attended last Annual General Meeting of the Company held on August 25, 2021.

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) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder.

(23) 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 Listing Regulations. 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 and also to review key result areas and key performance expected from the directors during the quarters and to review remuneration paid to the directors, key managerial personnel and senior management team. During the year under review, the members of Nomination and Remuneration Committee met 4 (Four) times on May 18, 2021, August 11, 2021, October 27, 2021 and February 02, 2022.

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 2021-22	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	4
Mr. Chetan Shah	Member	4	4
Mr. Umesh Shah	Member	4	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.

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

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 lakh)
1.	Mr. Kamlesh Gandhi	Chairman & Managing Director	Salary	370.82
2.	Mrs. Darshana Pandya	Director & CEO	Salary	44.06

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	2,25,000
2.	Mr. Chetan Shah	2,55,000
3.	Mr. Umesh Shah	2,25,000
4.	Mrs. Daksha Shah	75,000

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. ₹ 10,000/- per committee meeting & ₹ 15,000/- per Board meeting.

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

The Company has not entered into any Service Contract with the Directors, except agreement with the Managing Director entered with Mr. Kamlesh C. Gandhi and Whole-Time Director agreement with Mrs. Darshana S. Pandya 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 in pursuance to the provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of the Listing Regulations, 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, Stakeholders' Relationship Committee met 4 (Four) times May 18, 2021, August 11, 2021, October 27, 2021 and February 02, 2022.

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 2021-22	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	4
Mrs. Darshana Pandya	Member	4	4
Mr. Chetan Shah	Member	4	4

Complaint

During the year, the Company had not received any complaints from the Shareholders of the Company. Therefore there was no complaint pending as on March 31, 2022.

Mr. Balabhaskaran, the Chairman of the Committee had attended last Annual General Meeting of the Company held on August 25, 2021.

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 adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and

5. 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. RISK MANAGEMENT COMMITTEE:

The Company has constituted Risk Management Committee in pursuance to the Regulation 21 of Listing Regulations as amended, to assess the risk associated, mitigation of such risk and formulation of Risk Management Plan.

During the year under review, Risk Management Committee has met 4 (four) times on May 18, 2021, August 11, 2021, October 27, 2021 and February 02, 2022.

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 2021-22	
		Held	Attended
Mr. Chetan Shah	Chairman	4	4
Mr. Umesh Shah	Member	4	4
Mrs. Darshana Pandya	Member	4	4

Board Terms of Reference:

1. To formulate a detailed risk management policy which shall include:

   a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

   b) Measures for risk mitigation including systems and processes for internal control of identified risks.

   c) Business Continuity Plan

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

   Pursuant to Reserve Bank of India Circular No. DNBR (PD) CC.No.099/03.10.001/2018-19 dated May 16, 2019 the Company had appointed Mr. Nishant Jain as Chief Risk Officer, in order to carry out all functions and discharge all responsibilities as per the terms of the aforesaid RBI circular.

E. GENERAL BODY MEETINGS

a. Annual General Meetings:

Financial Year	Date	Location of Meeting	Time	No. of Special Resolutions passed
2020-21	August 25, 2021	The Company had conducted the Annual General Meeting through Video Conferencing (VC)/ Other Audio Visual Means (OVAM) in line with the MCA Circular	11.30 A.M.	Nil
2019-20	December 09, 2020	The Company had conducted the Annual General Meeting through Video Conferencing (VC)/ Other Audio Visual Means (OVAM) in line with the MCA Circular	11.30 A.M.	2
2018–19	June 26, 2019	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	10.00 A.M	4

Following Special Resolutions were passed as per the procedure prescribed under Section 108 & Section 109 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2011 and as per Circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India 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 ₹ 7500 Crores	December 09, 2020	46447584	5877	99.9873	0.0127
Special	Approval for creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a).	December 09, 2020	46447584	5877	99.9873	0.0127
Special	Re-appointment Mr. Kamlesh C. Gandhi (DIN: 00044852) as the Managing Director of the Company for a term of 5 years.	June 26, 2019	50351192	1228	99.9976	0.0024
Special	Re-appointment Mr. Mukesh C. Gandhi (DIN: 00187086) as the Whole time Director of the Company for a term of 5 years.	June 26, 2019	50351192	1228	99.9976	0.0024
Special	Re-appointment Mr. Balabhaskaran (DIN: 00393346) as an Independent Director of the Company for a term of 5 years.	June 26, 2019	50285692	66728	99.8675	0.1325
Special	Re-appointment Mr. Chetan Shah (DIN: 02213542) as an Independent Director of the Company for a term of 5 years.	June 26, 2019	49602404	535819	98.9313	1.0687

All of the aforesaid resolutions were passed by the shareholders by 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.

F. 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.aspx in a downloadable form.

c. Presentations/News Releases:

During the year under review, the Company has made presentations to institutional investors / to the analysts and it is available on the website of the Company https://www.mas.co.in/investor-presentation.aspx. Further, the Company has displayed official news releases which are available on company's website www.mas.co.in.

G. 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 27th Annual General Meeting:

27th Annual General Meeting is to be held August 24, 2022 at 11:30 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

d. Financial Year:

Financial year is April 1, 2022 to March 31, 2023 and financial results will be declared as per the following schedule:

Particulars	Tentative Schedule
Quarterly Results	
Quarter ending on June 30, 2022	On or before August 14, 2022
Quarter ending on September 30, 2022	On or before November 14, 2022
Quarter ending on December 31, 2022	On or before February 14, 2023
Annual Result of 2022-23	On or before May 30, 2023

e. Dividend Payment:

The Company had paid an interim dividend of ₹ 1.25/- (Rupees One decimal Twenty Five only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (12.5%) aggregating to ₹ 6,83,27,553.75/- (Rupees Six Crore Eighty Three Lakh Twenty Seven Thousand Five Hundred Fifty Three Rupees only). The same was declared by Board of Directors in their meeting held on February 02, 2022. The said dividend was paid on February 18, 2022.

Your Directors are pleased to recommend a Final Dividend of ₹ 1.75/- (Rupees One and Seventy Five Paise only) per equity share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (17.50%) aggregating to 9,56,58,575.25/- (Rupees Nine Crore Fifty Six Lakh Fifty Eight Thousand and Fifty Paisa Only) for the Financial year 2021-22, subject to the approval of members in the ensuing Annual General Meeting of the Company. The payment of Final Dividend to the members will be subject to deduction of tax at source as per the applicable rate.

Tax deducted at source (TDS) on dividend

As per the amended Income Tax Act, 1961, through the Finance Act, 2020, there will be no dividend distribution tax payable by the Company. The dividend, if declared, will be taxable in hands of the shareholders. For details, shareholders are requested to refer to the Notice of AGM.

f. Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from August 18, 2022 to August 24, 2022 (both days inclusive) for the purpose of 27th 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
PhirozeJeejeebhoy Towers	Exchange Plaza
Dalal Street	Plot No. C/1, G Block
Mumbai – 400001	Bandra-Kurla Complex
Scrip Code: **540749**	Bandra (East)
	Mumbai – 400051
	Trading Symbol: **MASFIN**

The Company's Debt Securities are listed on BSE Ltd.

Annual listing fees for the year 2022-2023 have been paid by the Company to BSE Ltd. & National Stock Exchange of India Limited.

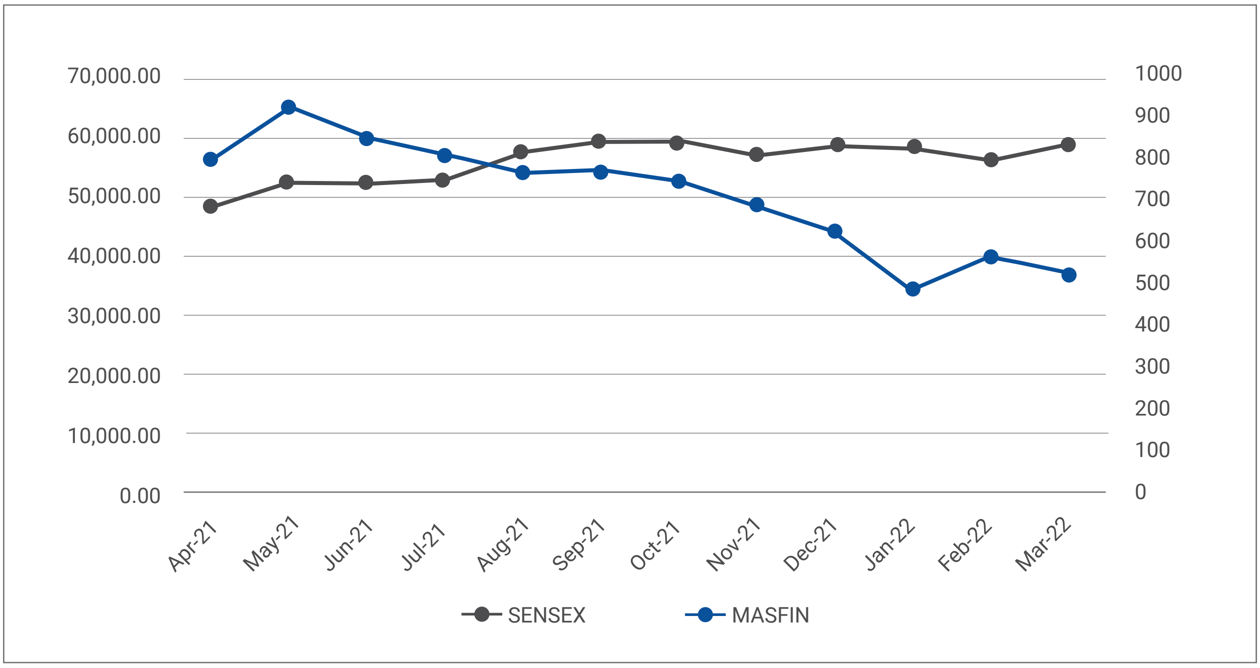
h. Market Price Data:

Month	Price of Company's Shares	
	High (In ₹) – BSE	Low (In ₹) - BSE
April, 2021	886.95	763.00
May, 2021	975.00	774.65
June, 2021	963.75	833.05
July, 2021	905.00	784.40
August, 2021	827.00	716.00
September, 2021	816.70	747.50
October, 2021	846.95	731.00
November, 2021	819.00	680.55
December, 2021	749.00	631.10
January, 2022	644.10	486.35
February, 2022	728.25	469.05
March, 2022	649.00	517.05

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

Month	MASFIN Share Price at BSE**	SENSEX**
April, 2021	799.95	48,782.36
May, 2021	931.15	51,937.44
June, 2021	854.90	52,482.71
July, 2021	815.10	52,586.84
August, 2021	769.70	57,552.39
September, 2021	778.15	59,126.36
October, 2021	755.05	59,306.93
November, 2021	686.40	57,064.87
December, 2021	632.50	58,253.82
January, 2022	489.65	58,014.17
February, 2022	568.35	56,247.28
March, 2022	534.75	58,568.51

** closing data on the last trading day of the month

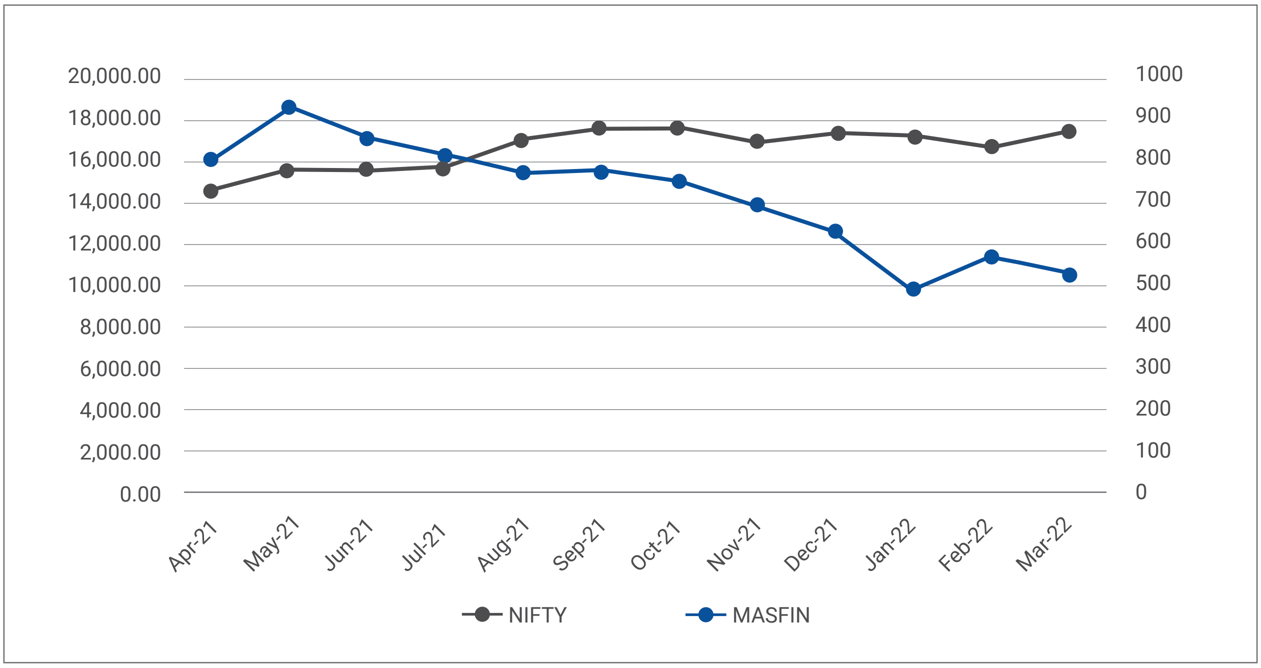


Month	Company's Shares	
	High (In ₹) – NSE	Low (In ₹) – NSE
April, 2021	864.00	761.10
May, 2021	975.10	775.00
June, 2021	965.00	833.35
July, 2021	908.00	784.15
August, 2021	827.00	717.40
September, 2021	818.80	746.40
October, 2021	820.00	725.00
November, 2021	796.75	685.55
December, 2021	739.00	630.50
January, 2022	646.00	485.00
February, 2022	728.00	460.30
March, 2022	649.00	515.20

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

Month	MASFIN Share Price at BSE**	SENSEX**
April, 2021	796.85	14,631.10
May, 2021	930.85	15,582.80
June, 2021	857.10	15,721.50
July, 2021	813.60	15,763.05
August, 2021	769.45	17,132.20
September, 2021	780.00	17,618.15
October, 2021	750.20	17,671.65
November, 2021	687.15	16,983.20
December, 2021	631.80	17,354.05
January, 2022	490.15	17,339.85
February, 2022	567.65	16,793.90
March, 2022	536.15	17,464.75

** closing data on the last trading day of the month



i. **Registrar & Transfer Agents**
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, 2022:**

a. **Distribution of Shareholding as on March 31, 2022:**

Range of No. of Shares	No. of Shareholders		Shares held	
From – To	**Number**	**%**	**Number**	**%**
1-500	29346	94.4695	1582121	2.8944
501-1000	1011	3.2546	737698	1.3496
1001-2000	372	1.1975	514368	0.9410
2001-3000	110	0.3541	268704	0.4916
3001-4000	54	0.1738	185417	0.3392
4001-5000	36	0.1159	163200	0.2986
5001-10000	71	0.2286	495596	0.9067
10001 and above	64	0.2060	50714939	92.7791
Total	**31064**	**100**	**54662043**	**100.00**

b. **Shareholding Pattern as on March 31, 2022:**

Category	No. of shares held		Total No. of Shares	% of Holding
	Physical	**Demat**		
Promoter and Promoter Group	-	4,02,53,996	4,02,53,996	73.64
Mutual Funds	-	44,42,868	44,42,868	8.13
Banks/FI/Central Govt./State Govts/ Trusts & Insurance Companies	-	5,53,680	5,53,680	1.01
Foreign Institutional Investors/ Portfolio Investor	-	8,34,839	8,34,839	1.53
NRI	-	2,17,818	2,17,818	0.40
Foreign Nationals	-	-	-	-
Foreign Companies	-	-	-	-
Bodies Corporate	-	4,21,341	4,21,341	0.77
Clearing Member	-	48,762	48,762	0.09
Directors / Relatives of Director	-	31,380	31,380	0.06
Indian Public / HUF	-	36,38,570	36,38,570	6.65
Trusts	-	40,44,763	40,44,763	7.40
NBFCs registered with RBI	-	-	-	-
Alternate Investment Funds	-	1,74,026	1,74,026	0.32
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, 2022.

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 125 branches as on March 31, 2022.

p. Address of Correspondence:

i) MAS Financial Services Limited
Ms. Riddhi Bhaveshbhai Bhayani
Company Secretary and Compliance Officer
6, Narayan Chamber, 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
Nilesh Dalwadi (Client Relations)
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:

Sr. No.	Name of the Instrument	Current Rating
1	Long Term Bank Facilities	ACUITE AA-/Stable
2	Commercial Papers	ACUITE A1+
3	Long Term Bank Facilities	CARE A+; Stable
4	Commercial Papers issue	CARE A1+
5	Non Convertible Debentures	CARE A+; Stable
6	Market Linked Debentures	CARE PP-MLD A+; Stable
7	Market Linked Debentures	CARE PP-MLD A+; Stable
8	Subordinated Bond	CARE A+; Stable
9	Market Linked Debentures	CARE PP-MLD A+; Stable
10	Subordinated debt programme	[ICRA]A (Stable)

H. 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 Notes to Financial Statements 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 Regulations. 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, Except for the issuance of NCDs on a private placement basis.

i. The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on March 31, 2022 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 Regulations.

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 ₹ 50.43 Lakhs for the financial year 2021-22.

Particulars	Amount in ₹ Lakhs
Statutory audit	18.07
Limited review of quarterly results	23.81
Other Services	6.59
Reimbursements of expenses	1.96
Total	**50.43**

n. As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted a Special Complaints Committee. During the year 2021-22, no complaints were received by the Committee.

o. disclosure by Company and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount': Not Applicable

p. 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.

q. 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.

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

s. 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.

t. 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.

u. The Company has executed the Listing Agreement with the BSE Ltd. and the National Stock Exchange of India pursuant to Listing Regulations.

v. 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 27th AGM to be held on August 24, 2022.

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

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

y. 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.

aa. There are no promoter's shares in Lock-in.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
MAS Financial Services Limited
6, Narayan Chambers Ground Floor
B/H Patang Hotel, Ashram Road,
Ahmedabad – 380 009.

Due to the current COVID pandemic situation we have examined online the relevant registers, records, forms, returns and disclosures received from the Directors of MAS Financial Services Limited having CIN L65910GJ1995PLC026064 and having registered office at 6, Narayan Chambers Ground Floor, B/H Patang Hotel, Ashram Road, Ahmedabad – 380 009. (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Kamlesh Chimanlal Gandhi	00044852	25/03/2010
2	Daksha Niranjan Shah	00376899	14/03/2019
3	Balabhaskaran	00393346	25/05/1995
4	Chetankumar Ramniklal Shah	02213542	06/06/2008
5	Darshana Saumil Pandya	07610402	23/09/2016
6	Umesh Rajanikant Shah	07685672	21/12/2016

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Ravi Kapoor & Associates**

Ravi Kapoor
Proprietor
Mem. No FCS. 2587
CP No. 2407
UDIN: F002587D000573619

Date: July 06, 2022
Place: Ahmedabad

CERTIFICATE OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Darshana Pandya, Director & Chief Executive Officer and Ankit Jain, 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, 2022 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, however the Company started Amortising the gain on assignment of financial assets over the residual tenure instead of booking upfront gain and its details are as mentioned in Note no. 32 of the Standalone Financial Statements of the Company.

iii. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2022 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.

Darshana S. Pandya	**Ankit Jain**
Director & Chief Executive Officer	Chief Financial Officer
(DIN: 07610402)	

Date: July 06, 2022
Place: Ahmedabad

DECLARATION

I, Darshana Pandya, Director & Chief Executive Officer of MAS Financial Services Limited hereby declare that as of March 31, 2022 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

Darshana Pandya
Director & Chief Executive Officer
(DIN: 07610402)

Date: July 06, 2022
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, 2022 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 01st April, 2021 to 31st March, 2022. 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 implementations 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 the explanations 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 in 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**

Ravi Kapoor
Proprietor
Mem. No FCS. 2587
CP No. 2407
UDIN: F002587D000573663

Place: Ahmedabad
Date : July 06, 2022

Annexure - J

Disclosures pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 last updated June 14, 2022 ("said Master Direction").

- **RELATED PARTY TRANSACTIONS**

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

  (1) Details of all material transaction with related parties are disclosed at Note No. 36 to the Standalone Financial Statements and Note No. 36 to the Consolidated Financial Statements;

  (2) The web-link for the policy on dealing with the Related Party Transactions is https://mas.co.in/policy.aspx

The Power of Distribution

Annexure - K

BUSINESS RESPONSIBILITY REPORT FOR THE FY 2021-22

(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	:	B/h Patang Hotel, Ashram RoadAhmedabad – 380009.	
4.	Website	:	www.mas.co.in	
5.	E-mail id	:	riddhi_bhayani@mas.co.in	
6.	Financial Year reported	:	2021-22	
7.	Sector(s) that the Company is engaged in	:	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-Wheelers 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 125 branches.

10. Markets served by the Company – PAN India

SECTION B: FINANCIAL DETAILS OF THE COMPANY (AS ON MARCH 31, 2022)

1.	Paid up Capital (₹ in Lakh)	:	₹ 5,466.20
2.	Total Turnover (₹ in Lakh)	:	₹ 65,745.05
3.	Total profit after taxes (₹ in Lakh)	:	₹ 15,782.64

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):

   The Company's total spending on CSR is ₹ 42,00,096/- approx. 0.19% 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

   For more details please refer Annexure – E of Annual Report.

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 Company 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	07610402	Mrs. Darshana Saumil Pandya	Director & CEO

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?	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
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

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	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 (for compliance mentioned at point no. 1)	-	*	-	-	-	*	*	-	-
7	Any other reason (for compliance mentioned at point no. 10)	@	-	@	@	@	-	-	@	@

#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.

@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 an 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 wrong doings 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 37 complaints from various stakeholders during FY 2021-22, out of which all the 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 well-being of all employees

1. Please indicate the Total number of employees: 946
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 716
3. Please indicate the Number of permanent women employees: 67
4. Please indicate the Number of permanent employees with disabilities: 01
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:

The Company prohibits discrimination on the basis of race, caste, religion, colour, parentage, marital status, gender, sexual orientation, age, nationality, ethnic origin or disability, harassment, whether sexual, verbal, physical or psychological against any employee. In order to prevent any kind of discrimination the Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (India) and the Rules thereunder. The Company forbids child labour and did not receive any complaints relating to child labour, forced labour or involuntary labour and there were no instants of Sexual harassment in FY 2021-22.

No.	Category	No of complaints filed during the financial year (2021-22)	No of complaints pending as on end of the financial year (2021-22)
1	Child labour /forced labour /involuntary labour		
2	Sexual harassment	NIL	
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.

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?
   - It is our constant endeavor to uphold human rights of all our stakeholders as manifested in the Constitution of India. Our Company values integrity of all regulations and ensures compliance with all applicable laws in this regard. This is covered under our Policies on Business Responsibility Report which 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?
   - No material concern related to violation of fundamental human rights of individuals was received during the financial year.

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.? Yes/No. If yes, please give hyperlink for webpage etc.
   - Not Applicable

3. Does the company identify and assess potential environmental risks? Yes/No
   - 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. Yes/No. If yes, please give hyperlink for web page etc.
   - No such initiatives carried out in the financial year 2021-22.

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:

   We are members of following:

   - Finance Industry Development Council (FIDC)
   - Gujarat Finance Companies Association (GFCA)
   - Fintech Association for Consumer Empowerment (FACE)
   - The Associated Chambers of Commerce and Industry of India (ASSOCHAM)

   Through these industry associations we actively engage in policy advocacy and proactively contribute to the discussions and resolutions on various industry issues within the scope of the above-mentioned associations.

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 Annexure.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?
   - Yes, various programmes have 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 ₹ 42,00,096/- Please refer to Annual Report on CSR Activities Annexure for more 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, rural development, community welfare. We strongly believe in giving back to the society and this is the guiding principle around which all the Corporate Social Responsibility (CSR) activities are undertaken. Please refer to Annual Report on CSR Activities Annexure for more details.
    - 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, education 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 19 Customer complaints/consumer cases are pending as on the March 31, 2022.

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 Auditors' Report

To the Members of MAS Financial Services Limited

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the accompanying Standalone financial statements of MAS Financial Services Limited ('the Company'), which comprise the standalone Balance Sheet as at March 31, 2022, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of cash flows and the standalone Statement of changes in Equity for the year then ended, and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information ("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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Standalone financial statements in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those Standards 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 ('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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

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 year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Impairment of Loans** **Charge: INR 97.73 Lakhs for the year ended 31st March, 2022** **Provision: INR 10,019.62 as at 31st March, 2022** Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.	<u>**Principal Audit Procedures**</u> Procedures performed by us have been enumerated herein below: We performed end to end process walkthroughs to identify the key systems, applications and controls used in ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in ECL process. Key aspects of our controls testing involved following: • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models.

Sr. No.	Key Audit Matter	Auditor's Response
	• Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. • Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 38% of ECL balances as at 31 March 2022. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the standalone financial statements, we have considered this as a key audit matter. **Disclosures:** The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Testing the 'Governance Framework' controls over validation, implementation and model monitoring in line with Reserve Bank of India guidance. • Testing the design and operating effectiveness of the key controls over the application of the staging criteria. • Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. • Testing management's controls over authorisation and calculation of post model adjustments and management overlays. • Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. • Testing key controls operating over the information technology system in relation to loan impairment including system access and system change management, program development and computer operations. **Test of Details:** Key aspects of our testing included: • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Model calculations testing through re-performance, where possible. • Test of details of post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. • Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.
2	**Information Technology** **IT Systems and controls** The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.	In course of audit, our focus was on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. We performed a range of audit procedures, which included:

Sr. No.	Key Audit Matter	Auditor's Response
	IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. Due to the pervasive nature of role of information technology systems in financial reporting, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.	• Review of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting. • Our other processes include: o selectively recomputing interest calculations and maturity dates; o Selectively re-evaluating masters updation, interface with resultant reports; o Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system) o Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission o Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of 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 audit reports thereon. The other information is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind-AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement 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 is 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 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.

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, 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 Cash Flow Statement and standalone Statement of Changes in Equity 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 March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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 has disclosed the impact of pending litigations as at March 31, 2022 on its financial position in its Standalone financial statements.

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

    iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund.

    iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

    (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

    (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations given under (a) and (b) above, contain any material mis-statement.

    v. As stated in Note no. 21.2 of the standalone financial statements

    (a) The final dividend proposed in the previous year, declared and paid during the year by the Company is in compliance with section 123 of the Companies Act, 2013.

    (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with section 123 of the Companies Act, 2013.

    (c) The Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members in the ensuing Annual General Meeting. The amount of proposed dividend is in accordance with section 123 of the Companies Act, 2013.

For **MUKESH M. SHAH & CO.,**
Chartered Accountants
Firm Registration No.: 106625W

Chandresh S. Shah
Partner
Membership No.: 042132
UDIN: 22042132AIQHLC4714

Place: Ahmedabad
Date: May 4, 2022

“Annexure A” to the Independent Auditors’ Report

The Annexure referred to in Independent Auditors’ Report to the members of the Company on the standalone financial statements for the year ended March 31, 2022.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Standalone financial statements of the Company and taking into consideration the information and explanations given to us, we report that:

1. (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

   B. The Company has maintained proper records showing full particulars of intangible assets.

   (b) The Company has a program of physical verification of its Property, Plant and Equipment so as to cover all the items of Property, Plant and Equipment in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   (c) According to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of the immovable properties taken on lease and disclosed under “Right of use asset” in the financial statements, the lease agreements are in the name of the Company, where the Company is lessee in the agreement.

   (d) According to the information and explanations given to us and the records examined by us and based on the examination, the Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.

   (e) According to the information and explanations given to us and the records examined by us and based on the examination, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Refer Note 47 to the standalone financial statements.

2. (a) The Company is a non-banking finance company (‘NBFC’) and does not hold any inventories. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable.

   (b) During the year, the company has availed sanctioned working capital limit in excess of ₹ 5 Crores from banks on the basis of security of current assets. Based on our examination of the records of the Company, the quarterly returns/ statements filed by the Company with the said bank are materially in agreement with the books of accounts maintained by the Company.

3. (a) Since the Company’s principal business is to give loans. Accordingly, the reporting under clause 3(iii)(a) of the Order is not applicable to it.

   (b) In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees, provided during the year are, prima facie, not prejudicial to the Company’s interest.

   (c) The Company, being a Non-Banking Financial Company (‘NBFC’), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer note 8.1 to the Standalone Financial Statements for summarised details of such loans/ advances which are not repaid by borrowers as per stipulations. According to the information and explanations given to us, reasonable steps are taken by the Company for recovery thereof.

   (d) The Company, being a Non-Banking Financial Company (‘NBFC’), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and report total amount overdue including principal and /or payment of interest by its customers for more than 90 days. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer note 8.1 to the Standalone Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanations given to us, reasonable steps are taken by the Company for recovery thereof.

(e) Since the Company's principal business is to give loans, the reporting under clause 3(iii)(e) of the Order are not applicable to it.

(f) Based on our audit procedures and the information and explanation made available to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

4. According to the information and explanations given to us and on the basis of examination of the records, the Company has not granted any loans, made investments or provided guarantees in contravention of the provisions of Section 185 of the Act and has complied with the applicable provisions of Section 186 (1) of the Act.

5. The Company has not accepted any deposits within the meaning of the provisions of section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed thereunder. Further, according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal, in this regard.

6. The Central Government has not prescribed the maintenance of cost records under sub-section (1) section 148 of the Act for any of the services rendered by the Company. Accordingly, reporting under clause 3(vi) of the Order is not applicable to the Company.

7. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Custom, Duty of Excise, Value added Tax, Cess and any other material statutory dues.

(b) There were no material undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Custom, Duty of Excise, Value added Tax, Cess and any other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax which have not been deposited as on March 31, 2022 on account of disputes are given below:

Sr. No.	Name of Statute	Nature of Dues	Amount [₹ in Lakhs]	Period to which the amount relates	Forum where dispute is pending
1	Income tax Act, 1961	Income Tax	768.57	AY 2013-2014	Assistant Commissioner of Income Tax
		DDT	37.06		
		Income Tax	39.10	AY 2018-2019	Assistant Commissioner of Income Tax
		DDT	234.23		

The above demands are on account of non-adjustment of taxes paid as TDS, Advance Tax, DDT and Self-Assessment Taxes. Hence, the same is not shown as contingent liabilities in the Standalone Financial Statements.

8. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

9. According to the information and explanations given to us and on the basis of our examination of the books of account, we report that

(a) The Company has not defaulted in repayment of loans or borrowings or interest thereon from any financial institution, banks, government or due to debenture holders during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

(c) The Company has utilised the money obtained by way of term loans from banks and other financial institutions during the year for the purposes for which they were obtained. Unutilised funds are held by the Company in the form of deposits or in current accounts till the time of subsequent utilisation.

(d) The funds raised on short term basis have not been utilized for the long-term purpose.

(e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiary company.

10. (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and hence reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

11. (a) To the best of our knowledge and according to the information and explanations given to us, n o fraud by the Company or on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.

(c) According to the information and explanations given by management/Audit Committee, there were no whistle blower complaints received by the Company during the year.

12. The Company is not a Nidhi company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.

13. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is in compliance with section 177 and 188 of the Act, where applicable, for all the transactions with the related parties and details of such transactions have been disclosed in the Standalone financial statements as required by the applicable accounting standards.

14. (a) In our opinion and based on our examination, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, during the course of our audit, the reports of the internal auditor issued till date for the period under audit in accordance with the guidance provided in SA 610 "Using the work of Internal Auditors".

15. 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 non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company and hence provisions of section 192 of the Act are not applicable to the Company.

16. According to the information and explanations given to us and based on the examination of the records of the Company, we report that

(a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the Company has obtained the required registration.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company ('CIC') as defined under the Regulations by the Reserve Bank of India.

(d) As per information provided in course of our audit, the group to which the Company belongs does not have CIC.

17. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

18. During the year, M/s B S R & Co LLP, the erstwhile statutory auditors of the Company have resigned with effect from 25 August, 2021 consequent to the amended rules/regulations applicable to the Company. (i.e. vide RBI circular dated April 27, 2021). As informed, there have been no issues, objections or concerns raised by the said outgoing auditors.

19. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

20. (a) According to the information and explanations given to us, there are no unspent amount in respect of other than ongoing projects that are required to be transferred to a fund specified in Schedule VII to the Act.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has transferred the amount remaining unspent in respect of ongoing projects, to a Special Account till the date of our report in compliance with provision of sub section (6) of section 135 of the Act. Relevant disclosures are made in Note 34 (c) of the Standalone financial statement of the Company.

For **MUKESH M. SHAH & CO.,**
Chartered Accountants
Firm Registration No.: 106625W

Chandresh S. Shah
Partner
Membership No.: 042132
UDIN: 22042132AIQHLC4714

Place: Ahmedabad
Date: May 4, 2022

"Annexure B" to The Auditors' Report

Report on the Internal Financial Control clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MAS Financial Service Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

MANAGEMENT RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial control based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ["ICAI"]. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

AUDITORS' RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **MUKESH M. SHAH & CO.,**
Chartered Accountants
Firm Reg. No. : 106625W

Chandresh S. Shah
Partner
Membership No.: 042132
UDIN: 22042132AIQHLC4714

Place: Ahmedabad
Date: May 4, 2022

Standalone Balance Sheet

as at 31 March 2022

(₹ in Lakhs)

	Note no.	As at 31 March 2022	As at 31 March 2021
ASSETS			
Financial assets			
Cash and cash equivalents	5	27,349.84	96,505.14
Bank balance other than cash and cash equivalents	6	55,730.50	3,180.75
Trade receivables	7	100.41	221.45
Loans	8	4,55,380.20	3,80,513.40
Investments	9	53,806.02	23,503.36
Other financial assets	10	5,261.72	4,764.84
Total financial assets		**5,97,628.69**	**5,08,688.94**
Non-financial assets			
Income tax assets (net)	30	623.33	592.40
Deferred tax assets (net)	30	2,359.93	2,116.67
Property, plant and equipment	11(a)	1,239.03	1,081.27
Capital work-in-progress	11(c)	5,204.39	5,002.73
Right-of-use asset	11(d)	53.50	37.70
Intangible assets under development	11(e)	3.57	-
Other intangible assets	11(b)	22.00	8.76
Other non-financial assets	12	367.15	231.26
Total non-financial assets		**9,872.90**	**9,070.79**
Total assets		**6,07,501.59**	**5,17,759.73**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	13		
(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		1,411.85	655.98
(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		155.43	100.92
Debt securities	14	36,203.05	31,411.52
Borrowings (other than debt securities)	15	3,73,272.79	2,91,975.30
Subordinated liabilities	16	13,721.55	5,996.55
Other financial liabilities	17	45,759.43	63,253.56
Total financial liabilities		**4,70,524.10**	**3,93,393.83**
Non-financial liabilities			
Current tax liabilities (net)	30	225.13	1,176.84
Provisions	18	715.79	396.38
Other non-financial liabilities	19	5,190.70	5,535.81
Total non-financial liabilities		**6,131.62**	**7,109.03**
Total liabilities		**4,76,655.72**	**4,00,502.86**
EQUITY			
Equity share capital	20	5,466.20	5,466.20
Other equity	21	1,25,379.67	1,11,790.67
Total equity		**1,30,845.87**	**1,17,256.87**
Total liabilities and equity		**6,07,501.59**	**5,17,759.73**

The notes referred to above form an integral part of these financial statements

In terms of our report of even date attached
For Mukesh M Shah & Co.
Chartered Accountants
Firm's Registration No: 106625W

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

Chandresh S. Shah
Partner
Membership No: 042132

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

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

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

Ankit Jain
Chief Financial Officer

Ahmedabad
4 May 2022

Ahmedabad
4 May 2022

Standalone Statement of Profit and Loss

for the year ended 31 March 2022

(₹ in Lakhs)

		Note no.	Year ended 31 March 2022	Year ended 31 March 2021
I.	**Revenue from operations**			
	Interest income	22	56,948.31	48,413.64
	Gain on assignment of financial assets (Refer note 32)		6,423.92	9,047.61
	Fees and commission income		1,723.12	1,807.14
	Net gain on fair value changes	23	499.12	56.32
	Total revenue from operations		**65,594.47**	**59,324.71**
	Other income	24	150.58	64.19
	Total income		**65,745.05**	**59,388.90**
II.	**Expenses**			
	Finance costs	25	31,953.79	26,449.08
	Fees and commission expense		2,309.41	624.36
	Impairment on financial assets	26	3,409.66	7,840.04
	Employee benefits expenses	27	4,223.02	2,972.89
	Depreciation, amortization and impairment	28	177.61	212.98
	Others expenses	29	2,504.76	2,000.26
	Total expenses		**44,578.25**	**40,099.61**
	Profit before exceptional items and tax (I - II)		21,166.80	19,289.29
	Exceptional items		-	-
III.	**Profit before tax**		**21,166.80**	**19,289.29**
IV.	**Tax expense:**			
	Current tax	30	5,423.01	5,809.77
	Short / (Excess) provision for tax relating to prior years	30	(50.36)	-
	Net current tax expense		**5,372.65**	**5,809.77**
	Deferred tax expense / (credit)	30	11.51	(870.78)
	Net tax expense		**5,384.16**	4,938.99
V.	**Profit for the year (III - IV)**		**15,782.64**	14,350.30
VI.	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss:			
	Re-measurement of the defined benefit liabilities		(11.10)	67.01
	Income tax impact on above		2.79	(16.87)
	Total (A)		**(8.31)**	**50.14**
	(B) Items that will be reclassified to profit or loss:			
	Loans and advances through other comprehensive Income		(1,001.19)	936.29
	Income tax impact on above		251.98	(235.65)
	Total (B)		**(749.21)**	**700.64**
	Other comprehensive income (A+B)		**(757.52)**	**750.78**
VII.	**Total comprehensive income for the year (V + VI)**		**15,025.12**	**15,101.08**
VIII.	**Earnings per equity share (of ₹ 10 each):**	31		
	Basic (₹)		28.87	26.25
	Diluted (₹)		28.87	26.25

The notes referred to above form an integral part of these financial statements

In terms of our report of even date attached
For Mukesh M Shah & Co.
Chartered Accountants
Firm's Registration No: 106625W

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

Chandresh S. Shah
Partner
Membership No: 042132

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

Ankit Jain
Chief Financial Officer

Ahmedabad
4 May 2022

Ahmedabad
4 May 2022

Standalone Statement of Changes in Equity

for the year ended 31 March 2022

(A) EQUITY SHARE CAPITAL

(₹ in Lakhs)

Equity Share of ₹ 10 each issued, subscribed and fully paid	
Balance at 1 April 2020	5,466.20
Changes in Equity Share Capital due to prior period errors	-
Restated balance at 1 April 2020	**5,466.20**
Changes in equity share capital during the year	-
Balance at 31 March 2021	**5,466.20**
Changes in Equity Share Capital due to prior period errors	-
Restated balance at 31 March 2021	**5,466.20**
Changes in equity share capital during the year	-
Balance at 31 March 2022	**5,466.20**

(B) OTHER EQUITY

(₹ in Lakhs)

	Reserves and surplus			Other comprehensive income		Total
	Reserve u/s. 45-IC of the RBI Act, 1934	Securities premium	Retained earnings	Equity instruments through OCI	Loans and advances through OCI	
Balance at 1 April 2020	**14,522.01**	**42,687.43**	**28,104.57**	**(0.22)**	**7,310.40**	**92,624.19**
Profit for the year	-	-	14,350.30	-	-	14,350.30
Re-measurement of defined benefit plans (net of taxes)	-	-	50.15	-	-	50.15
Other comprehensive income (net of taxes)	-	-	-	-	4,766.03	4,766.03
Transfer to reserve u/s. 45-IC of the RBI Act, 1934	2,870.06	-	(2,870.06)	-	-	-
Balance at 31 March 2021	**17,392.07**	**42,687.43**	**39,634.96**	**(0.22)**	**12,076.43**	**1,11,790.67**
Profit for the year	-	-	15,782.64	-	-	15,782.64
Re-measurement of defined benefit plans (net of taxes)	-	-	(8.30)	-	-	(8.30)
Other comprehensive income (net of taxes)	-	-	-	-	(682.13)	(682.13)
Final dividend on equity shares	-	-	(819.93)	-	-	(819.93)
Interim dividend on equity shares	-	-	(683.28)	-	-	(683.28)
Transfer to reserve u/s. 45-IC of the RBI Act, 1934	3,156.53	-	(3,156.53)	-	-	-
Balance at 31 March 2022	**20,548.60**	**42,687.43**	**50,749.56**	**(0.22)**	**11,394.30**	**1,25,379.67**

In terms of our report of even date attached
For Mukesh M Shah & Co.
Chartered Accountants
Firm's Registration No: 106625W

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

Chandresh S. Shah
Partner
Membership No: 042132

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

Kamlesh C. Gandhi
(Chairman & Managing Director)
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Riddhi B. Bhayani
(Company Secretary & Compliance Officer)
(Membership No: A41206)
Ahmedabad
4 May 2022

Ankit Jain
Chief Financial Officer

Ahmedabad
4 May 2022

Standalone Statement of Cash Flows

for the year ended 31 March 2022

(₹ in Lakhs)

		Year ended 31 March 2022		Year ended 31 March 2021	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net profit before tax		21,166.80		19,289.29
	Adjustments for :				
	Depreciation and amortisation	177.61		212.98	
	Finance cost	31,953.80		26,449.08	
	Impairment on financial assets	3,409.66		7,840.05	
	(Profit) / loss on sale of property, plant and equipment	-		1.16	
	Interest income	(56,948.31)		(48,413.64)	
	Net gain on fair value changes	(312.10)		(26.42)	
	Net gain on sale of investments measured at amortized cost	(23.28)		-	
	Financial guarantee commission income	(1.22)		(2.51)	
	Dividend income	(66.08)		(39.19)	
	Gain on derecognition of leased assets	(0.07)		(2.81)	
			(21,809.99)		(13,981.30)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**(643.19)**		**5,307.99**
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Loans	(78,030.72)		(51,072.23)	
	Trade receivables	121.03		(221.45)	
	Advances received against loan agreements	800.50		(10,022.97)	
	Bank balance other than cash and cash equivalents	(55.16)		32.91	
	Other financial asset	(468.89)		(361.34)	
	Other non-financial asset	(391.07)		(281.12)	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payable and other payable	810.42		3.80	
	Other financial liabilities	(17,890.55)		(17,553.17)	
	Other non-financial liabilities	(343.90)		(4,049.52)	
	Provisions (also refer note 34)	319.41	(95,128.93)	350.73	(83,174.36)
	CASH GENERATED FROM / (USED IN) OPERATIONS		**(95,772.12)**		**(77,866.37)**
	Interest income received	51,950.50		51,709.17	
	Dividend received	66.08		39.19	
	Interest income on Investment measured at amortised cost	1,586.06		42.02	
	Finance cost paid	(33,559.49)	20,043.15	(26,452.15)	25,338.23
			(75,728.97)		**(52,528.14)**
	Income tax paid (net)		(6,355.29)		(5,003.96)
	NET CASH FLOW GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)		**(82,084.26)**		**(57,532.10)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Acquisition of property, plant and equipments and intangible assets, including capital advances	(521.81)		(201.35)	
	Proceeds from sale of property, plant and equipments and intangible assets	-		0.10	
	Change in Earmarked balances with banks and other free deposit	(52,494.60)		(3,023.12)	
	Interest income from bank deposits	2,391.36		2,913.80	
	Purchase of investments	(1,19,210.98)		(22,851.84)	
	Redemption of investments	89,281.53		3,190.94	
	Net gain on sale of investments measured at amortized cost	23.28		-	
	NET CASH FLOW GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)		**(80,531.22)**		**(19,971.47)**

Standalone Statement of Cash Flows (contd.)

for the year ended 31 March 2022

(₹ in Lakhs)

		Year ended 31 March 2022		Year ended 31 March 2021	
C.	CASH FLOW FROM FINANCING ACTIVITIES				
	Proceeds from debt securities and borrowings	1,94,922.41		1,22,900.00	
	Repayments of debt securities and borrowings	(1,04,876.91)		(74,114.40)	
	Net increase in working capital borrowings	4,960.02		22,826.23	
	Repayment of lease liabilities	(42.13)		(81.24)	
	Dividends paid	(1,503.21)		-	
	NET CASH FLOW GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)		**93,460.18**		**71,530.59**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(69,155.30)**		**(5,972.98)**
	Cash and cash equivalents at the beginning of the year		96,505.14		1,02,478.12
	Cash and cash equivalents at the end of the year (refer note 1 below)		**27,349.84**		**96,505.14**

Notes:

(₹ in Lakhs)

		As at 31 March 2022	As at 31 March 2021
1	Cash and bank balances at the end of the year comprises:		
	(a) Cash on hand	10.08	5.75
	(b) Balances with banks	23,643.28	48,975.82
	Total	**23,653.36**	**48,981.57**
	(c) Bank deposits with original maturity of 3 months or less	3,696.48	47,523.57
	Cash and cash equivalents as per the balance sheet	**27,349.84**	96,505.14

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 The Company as at 31 March 2022 has undrawn borrowing facilities amounting to ₹ 1,68,020.24 lakhs that may be available for future operating activities and to settle capital commitments.

4 Change in liabilities arising from financing activities

(₹ in Lakhs)

	31 March 2021	Cash flows	Non-cash changes*	31 March 2022
Debt securities	31,411.52	5,000.00	(208.47)	36,203.05
Borrowings (other than debt securities)	2,91,975.30	82,005.53	(708.04)	3,73,272.79
Subordinated liabilities	5,996.55	8,000.00	(275.00)	13,721.55
Total liabilities from financing activities	**3,29,383.37**	**95,005.53**	**(1,191.51)**	**4,23,197.39**

	1 April 2020	Cash flows	Non-cash changes*	31 March 2021
Debt securities	-	31,500.00	(88.48)	31,411.52
Borrowings (other than debt securities)	2,52,021.34	40,111.83	(157.87)	2,91,975.30
Subordinated liabilities	5,989.18	-	(7.37)	5,996.55
Total liabilities from financing activities	**2,58,010.52**	**71,611.83**	**(238.98)**	**3,29,383.37**

* Non-cash changes represents the effect of amortization of transaction cost.

The notes referred to above form an integral part of these financial statements

In terms of our report of even date attached
For Mukesh M Shah & Co.
Chartered Accountants
Firm's Registration No: 106625W

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

Chandresh S. Shah
Partner
Membership No: 042132

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

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

Ankit Jain
Chief Financial Officer

Ahmedabad
4 May 2022

Ahmedabad
4 May 2022

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022

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 systematically important 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

These standalone financial statements of the Company have been prepared in accordance with the Indian Accounting standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act"), and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD. No.109/22. 10.106/2019-20 dated 13 March 2020.

Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows.

2.2 Basis of measurement

The standalone financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair values as required by relevant Ind AS.

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"). Amounts in the standalone financial statements are presented in lakhs rounded off to two decimal places as permitted by Schedule III to the Act, 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 judgements, 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 on-going basis. Revisions to accounting estimates are recognised prospectively.

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 ("COVID 19"):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the accounting estimates. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of standalone financial statements.

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

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

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 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 3.8 and note 42.

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 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 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").

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

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

e) Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

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.

v) Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid / recovered for uncertain tax positions. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

vi) Defined Benefit Plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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 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 the effective interest rate method for all financial instruments measured at amortised cost and

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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

All 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 3.8), transaction costs are added to or subtracted from this amount, except in the case of financial assets and financial liabilities recorded at FVTPL.

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.

SPPI test

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

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'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

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.

iii) Financial assets at FVTPL

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

iv) Equity investment in subsidiaries

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

B. Financial liability

i) Initial recognition and measurement

All financial liabilities 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

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the circumstances in which the Company changes in its business model for managing those financial assets.

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.

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 financial assets on account of direct assignment of loans, gain is recognized as "Unearned income on assigned loans" under the head other non-financial liabilities and amortized in the profit or loss over the underlying residual tenure of the assigned portfolio. Refer note 32 for details.

Further, 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, if any.

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 together with loan commitments 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.) 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 for retail loans.

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 increase in credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2.

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 3: Loans considered credit impaired are the loans which are past due for more than 90 days. Borrowers are also classified under stage 3 bucket under instances like fraud identification and legal proceeding. Further, stage 3 loan accounts are identified at customer level (i.e. a Stage 1 or 2 customer having other loans which are in Stage 3). The Company records an allowance for life time ECL.

There is a curing period with Stage 3 loan, where even if the DPD days are reduced by 90 days the same will not be upgraded to Stage 1 until the loan is 0 DPD.

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

For retail loans

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

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reporting date, including repayments of principal and interest, expected drawdowns on committed facilities and accrued interest. Further, the EAD for stage 3 retail loan is the outstanding exposure at the time loan is classified as Stage 3 for the first time.

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.

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total outstanding) % LGD = 1 – recovery rate

For retail asset channel ("RAC") loan portfolio

For RAC loan portfolio, the Company has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Company consists of various parameters based on which RAC loan portfolio is evaluated and credit rating is assigned.

The Company has developed its PD matrix based on the benchmarking of various external reports, ratings and Basel norms. This PD matrix is calibrated with its historical data and major events at a regular time interval in accordance with its ECL policy.

The LGD has been considered based on Basel-II Framework for all the level of RAC credit rating portfolio.

The Company calculates 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 EADs are reviewed. While at every year end, LGDs and PDs 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.

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%. Credit impairment loans are determined at borrower level.

Loan commitments When estimating ECL for undrawn loan commitments, the Company estimates the amount sanctioned that will be disbursed after the reporting date. The ECL is then calculated using PD and LGD.

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognized.

Significant increase in credit risk

The Company monitors all financial assets, including loan commitments issued that are subject to impairment requirements, to assess whether there has been a significant increase in credit risk since initial recognition. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience that is available without undue cost or effort. However, when a financial asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is classified in Stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. Further, a stage 2 customer having other loans which are in stage 1 are considered to have significant increase in credit risk.

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Definition of default

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

Financial assets in default represent those that are at least 90 DPD in respect of principal or interest and/or where the assets are otherwise considered to be unlikely to pay, including those that are credit-impaired.

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 statement of 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. For this purpose, the Company has used the data source of Economist Intelligence Unit.

3.7 Write-offs

The gross carrying amount of a financial asset is written off when the chances of recoveries are remote. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in 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.

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.

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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 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, due diligence & evaluation charges and portfolio monitoring fees etc. are recognised on point in time basis.

3.9 (II) Recognition of other expense

A. Finance cost

Finance costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Interest expenses are computed based on effective interest rate method.

Finance 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 finance 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. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the Company 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, plant 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 equipments - 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.

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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.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date. Capital work-in-progress is stated at cost, net of impairment loss, if any.

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.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as 'Intangible assets under development'.

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 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Lease payments associated with short term leases or low value leases are recognised as an expense on a straight-line basis over the lease term.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end

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of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

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 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

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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 comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. 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.

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

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 OCI 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.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

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.

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.

3.21 Repossessed asset

In the normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle the outstanding debt.

3.22 Security deposit

The security deposits received by the customers are in the nature of financial liabilities as defined under Ind AS – 32. The Company uses weighted average rate of borrowing as discount rate to arrives at fair valuation of security deposit. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

No new standards as notified by Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

5. CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Cash on hand	10.08	5.75
Balances with banks:		
In current / cash credit accounts (refer note 1 below)	23,643.28	48,975.82
Bank deposits with original maturity of 3 months or less (refer note 2 below)	3,696.48	47,523.57
Total cash and cash equivalents	**27,349.84**	**96,505.14**

Notes:

1. Balance amounting to ₹ 292.04 lakh represents balance with banks in earmarked account i.e. “unspent CSR account”.
2. Represents bank deposits against overdraft facility as at 31 March 2022.

6. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
In current accounts (refer note 1 below)	8.42	14.47
Earmarked balances with banks:		
Unclaimed dividend bank balances (refer note 2 below)	63.03	1.83
In fixed deposit accounts:		
Deposits given as security against borrowings and other commitments	2,745.76	2,163.09
Bank deposits with original maturity of more than 3 months (refer note 3 below)	52,913.29	1,001.36
Total bank balance other than cash and cash equivalents	**55,730.50**	**3,180.75**

Notes:

1. Balance represents balance with banks in earmarked account i.e. “collection and pay-out account”.
2. Balance amounting to ₹ 61.07 lakh was transferred to lien free “current account” after 31 March 2022 as it was available for free use.
3. Represents bank deposits against overdraft facility as at 31 March 2022.

7. TRADE RECEIVABLES

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Trade receivables considered good-secured	-	-
Trade receivables considered good-unsecured	100.41	221.45
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total trade receivables	**100.41**	**221.45**

Notes:

1. Impairment allowance recognised on trade receivables is ₹ Nil (Previous year: ₹ Nil).
2. There is no due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Trade Receivables ageing schedule as at 31 March 2022

(₹ In Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	10.50	46.41	43.50	-	-	100.41
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables–considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

Trade Receivables ageing schedule as at 31 March 2021

(₹ In Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	221.45	-	-	-	-	221.45
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables– considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

8. LOANS

(₹ In Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total
(A) (I) Bills Purchased and Bills Discounted	4,088.81	-	4,088.81	-	-	-
(II) Term loans	-	4,51,322.09	4,51,322.09	-	3,80,513.40	3,80,513.40
Total (A)-Gross	**4,088.81**	**4,51,322.09**	**4,55,410.90**	**-**	**3,80,513.40**	**3,80,513.40**
Less: Impairment loss allowance	(30.70)	-	(30.70)	-	-	-
Total (A)-Net	**4,058.11**	**4,51,322.09**	**4,55,380.20**	**-**	**3,80,513.40**	**3,80,513.40**
(B) (i) Secured by tangible assets	4,088.81	3,28,091.19	3,32,180.00	-	2,73,025.03	2,73,025.03
(ii) Unsecured	-	1,23,230.90	1,23,230.90	-	1,07,488.37	1,07,488.37
Total (B)-Gross	**4,088.81**	**4,51,322.09**	**4,55,410.90**	**-**	**3,80,513.40**	**3,80,513.40**
Less: Impairment loss allowance	(30.70)	-	(30.70)	-	-	-
Total (B)-Net	**4,058.11**	**4,51,322.09**	**4,55,380.20**	**-**	**3,80,513.40**	**3,80,513.40**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total
(C) (I) Loans in India						
(i) Public sector	-	-	-	-	-	-
(ii) Private sector	4,088.81	4,51,322.09	4,55,410.90	-	3,80,513.40	3,80,513.40
Total (C)-Gross	**4,088.81**	**4,51,322.09**	**4,55,410.90**	**-**	**3,80,513.40**	**3,80,513.40**
Less: Impairment loss allowance	(30.70)	-	(30.70)	-	-	-
Total (C) (I) -Net	**4,058.11**	**4,51,322.09**	**4,55,380.20**	**-**	**3,80,513.40**	**3,80,513.40**
(C) (II) Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total (C) (II)- Net	-	-	-	-	-	-
Total C(I) and C(II)	**4,058.11**	**4,51,322.09**	**4,55,380.20**	**-**	**3,80,513.40**	**3,80,513.40**

Loans or advances in the nature of loans are granted to promoters, directors, KMPs, and the related parties, either serverally or jointly with any other person

Particulars	As at 31 March 2022	% to the total Loans and Advances in the nature of loans	As at 31 March 2021	% to the total Loans and Advances in the nature of loans
Promoter	Nil	Nil	Nil	Nil
Directors	Nil	Nil	Nil	Nil
KMPs	Nil	Nil	Nil	Nil
Related parties	Nil	Nil	Nil	Nil

Notes:

1. Refer note 36(b) for loans to Companies in which directors are interested.
2. The impairment on loans 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.

8.1 An analysis of changes in the gross carrying amount of loans is given below*

(₹ In Lakhs)

	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**3,70,475.42**	**7,926.39**	**6,442.50**	**3,84,844.31**	**3,27,645.11**	**8,635.22**	**6,291.85**	**3,42,572.18**
Changes in opening credit exposures (net of repayment and excluding write off)	(2,66,113.52)	(2,184.75)	(2,324.88)	(2,70,623.15)	(2,03,604.32)	(2,094.78)	(386.88)	(2,06,085.98)
New assets originated (net of repayment)**	3,44,444.41	2,267.15	1,782.55	3,48,494.11	2,50,778.16	872.53	128.08	2,51,778.77
Transfers from Stage 1	(8,771.34)	3,572.18	5,199.16	-	(7,344.64)	6,030.86	1,313.78	-
Transfers from Stage 2	99.25	(2,525.68)	2,426.43	-	4,547.83	(5,517.06)	969.23	-
Transfers from Stage 3	28.21	0.00	(28.21)	-	29.62	0.63	(30.25)	-
Amounts written off	(0.20)	(2.29)	(3,008.15)	(3,010.64)	(1,576.34)	(1.01)	(1,843.31)	(3,420.66)
Gross carrying amount closing balance	**4,40,162.23**	**9,053.00**	**10,489.40**	**4,59,704.63**	**3,70,475.42**	**7,926.39**	**6,442.50**	**3,84,844.31**

* The above classification also includes balance of spread receivable on assigned portfolio. (Refer note 10)

** New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

In accordance with the board approved moratorium policy read with RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Company had granted moratorium up to six months on the payment of installments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers.

The Honourable Supreme Court of India in a public interest litigation (Gajendra Sharma vs. Union of India & Anr), vide an interim order dated 3 September 2020 ('interim order'), has directed that no additional borrower accounts shall be classified as impaired ('non-performing assets' or 'NPA') which were not declared NPA till 31 August 2020, till further orders. Based on the said interim order, the Company had not classified any standard account as of 31 August 2020 as NPA after 31 August 2020. The Company has classified those accounts as stage 3 and provisioned accordingly for financial reporting purposes.

The interim order granted to not declare accounts as NPA stood vacated on 23 March 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors, and other connected matters, in accordance with the instructions in paragraph 5 of the RBI circular no. RB1/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated 7 April 2021 issued in this connection, the Company had continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms and as per ECL model under Ind AS financial statements for the year ended 31 March 2021 and 31 March 2022.

8.2 Reconciliation of ECL balance is given below

(₹ In Lakhs)

	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**5,839.79**	**1,594.45**	**2,487.60**	**9,921.84**	**2,212.87**	**1,738.22**	**1,905.35**	**5,856.44**
Changes in opening credit exposures (net of repayment and excluding write off)	(2,187.11)	(246.75)	(150.19)	(2,584.05)	1,375.42	(1,060.80)	287.50	602.12
New assets originated (net of repayment)	3,387.56	209.86	926.75	4,524.17	3,719.62	274.43	47.97	4,042.02
Transfers from Stage 1	(2,521.53)	518.45	2,003.08	-	(1,668.10)	1,137.83	530.27	-
Transfers from Stage 2	1.92	(1,039.67)	1,037.76	-	208.07	(472.12)	264.05	-
Transfers from Stage 3	0.24	-	(0.24)	-	0.64	-	(0.64)	-
Amounts written off	(0.47)	(6.91)	(1,834.96)	(1,842.34)	(8.73)	(23.11)	(546.90)	(578.74)
ECL allowance - closing balance	**4,520.39**	**1,029.43**	**4,469.79**	**10,019.62**	**5,839.79**	**1,594.45**	**2,487.60**	**9,921.84**

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 3,010.64 lakh at 31 March 2022 (31 March 2021 : ₹ 3,420.66 lakh).

The increase in ECL was driven by an increase in the gross amount of the portfolio, movements between stages as a result of increase in credit risk, change in probability of default, macro economic factors and management overlays due to estimated impact of COVID-19 pandemic. The extent to which COVID-19 pandemic will impact current estimates of ECL is uncertain at this point of time. The Company has conducted a qualitative assessment and has considered forecasted macro economic factors and a higher probability of default to factor in the potential impact of COVID-19 on impairment allowances. For further details, refer note 44.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

8.3 Credit quality of loan assets

The table below shows the gross carrying amount of loans based on the Company's internal grades and year-end stage classification of loans. The amounts presented are gross of impairment allowances. Details of the Company's internal grades are explained in note 44.1.

(₹ In Lakhs)

	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal grades								
Performing								
High quality assets	4,40,162.23	-	-	4,40,162.23	3,70,475.42	-	-	3,70,475.42
Quality assets	-	4,583.18	-	4,583.18	-	3,936.84	-	3,936.84
Standard assets	-	4,469.82	-	4,469.82	-	3,989.55	-	3,989.55
Non- performing								
Sub standard assets	-	-	5,087.51	5,087.51	-	-	2,648.01	2,648.01
Low quality assets	-	-	5,401.89	5,401.89	-	-	3,794.49	3,794.49
Total	**4,40,162.23**	**9,053.00**	**10,489.40**	**4,59,704.63**	**3,70,475.42**	**7,926.39**	**6,442.50**	**3,84,844.31**

9. INVESTMENTS

(₹ In Lakhs)

	As at 31 March 2022				As at 31 March 2021			
	At amortised cost	At fair value through P&L	Others	Total	At amortised cost	At fair value through P&L	Others	Total
Investments in								
Alternative investment funds	-	3,558.71	-	3,558.71	-	2,029.90	-	2,029.90
Pass through certificates under securitization transactions	14,125.55	-	-	14,125.55	6,564.03	-	-	6,564.03
Market linked debentures	-	26,296.65	-	26,296.65	-	11,566.97	-	11,566.97
Non - convertible debentures	4,931.71	-	-	4,931.71	-	-	-	-
Mutual fund units	-	463.25	-	463.25	-	-	-	-
Subsidiary #	-	2,264.53	2,220.83	4,485.36	-	1,124.15	2,220.83	3,344.98
Total – Gross (A)	**19,057.26**	**32,583.14**	**2,220.83**	**53,861.23**	**6,564.03**	**14,721.02**	**2,220.83**	**23,505.88**
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investments in India	19,057.26	32,583.14	2,220.83	53,861.23	6,564.03	14,721.02	2,220.83	23,505.88
Total (B)	**19,057.26**	**32,583.14**	**2,220.83**	**53,861.23**	**6,564.03**	**14,721.02**	**2,220.83**	**23,505.88**
Less: Allowance for Impairment Loss (C)	(55.21)	-	-	(55.21)	(2.52)	-	-	(2.52)
Total – Net D= (A)-(C)	**19,002.05**	**32,583.14**	**2,220.83**	**53,806.02**	**6,561.51**	**14,721.02**	**2,220.83**	**23,503.36**

Investment in subsidiary

(₹ In Lakhs)

	31 March 2022	31 March 2021
Investment in equity shares of subsidiary	1,975.00	1,975.00
Investment in debt component of optionally convertible preference shares of subsidiary	1,311.36	632.37
Deemed investment in optionally convertible preference shares of subsidiary	953.17	491.78
Investment in subsidiary on account of:		
Corporate financial guarantee given to bank on behalf of subsidiary	239.03	239.03
Issuance of equity shares to the employees of subsidiary at discount	6.80	6.80
Total	**4,485.36**	**3,344.98**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

10. OTHER FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Security deposits	86.85	69.11
Spread receivable on assigned portfolio	4,293.73	4,330.91
Interest accrued but not due on investments	67.37	2.20
Advances to dealer	813.77	-
Ex-gratia interest amount under GOI scheme (net of ECL)	-	362.62
Total other financial assets	**5,261.72**	**4,764.84**

11. PROPERTY, PLANT AND EQUIPMENTS AND INTANGIBLE ASSETS

(₹ In Lakhs)

	Property, plant and equipment (a)					Intangible assets (b)	
Nature of assets	**Buildings**	**Office equipment**	**Furniture and fixtures**	**Vehicles**	**Total**	**Software**	**Total**
Cost							
At 1 April 2020	**668.20**	**344.16**	**280.52**	**163.57**	**1,456.45**	**37.40**	**37.40**
Additions	-	16.79	-	-	16.79	3.13	3.13
Disposals	-	32.01	-	-	32.01	-	-
At 31 March 2021	**668.20**	**328.94**	**280.52**	**163.57**	**1,441.23**	**40.53**	**40.53**
Additions	-	115.84	54.67	122.59	293.10	18.97	18.97
Disposals	-	-	-	-	-	-	-
At 31 March 2022	**668.20**	**444.78**	**335.19**	**286.16**	**1,734.33**	**59.50**	**59.50**
Depreciation/Amortisation							
At 1 April 2020	**31.93**	**120.77**	**49.98**	**55.21**	**257.89**	**26.33**	**26.33**
Depreciation/amortization charge	11.44	67.33	28.68	25.37	132.82	5.44	5.44
Disposal	-	30.75	-	-	30.75	-	-
At 31 March 2021	**43.37**	**157.35**	**78.66**	**80.58**	**359.96**	**31.77**	**31.77**
Depreciation/amortization charge	11.44	64.77	29.22	29.91	135.34	5.73	5.73
Disposal	-	-	-	-	-	-	-
At 31 March 2022	**54.81**	**222.12**	**107.88**	**110.49**	**495.30**	**37.50**	**37.50**
Net block value:							
At 31 March 2021	624.83	171.59	201.86	82.99	1,081.27	8.76	8.76
At 31 March 2022	**613.39**	**222.66**	**227.31**	**175.67**	**1,239.03**	**22.00**	**22.00**

Note: No revaluation of any class of asset is carried out during the year.

(c) Capital work in progress

Capital work in progress includes borrowing costs related to development of building amounted to ₹ 146.29 lakhs (31 March 2021: ₹ 181.39 lakhs). Finance costs are capitalised using rates based on specific borrowing rate i.e. 8.39%.

(₹ In Lakhs)

Capital work-in-progress	
At 1 April 2020	**4,821.34**
Additions	181.39
Disposals	-
At 31 March 2021	**5,002.73**
Additions	201.66
Disposals	-
At 31 March 2022	**5,204.39**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Capital work in progress aging schedule

(₹ In Lakhs)

Capital work in progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
Projects in progress	201.67	181.39	256.92	4,564.42	5,204.39
Projects temporarily suspended	-	-	-	-	-
As at 31 March 2021					
Projects in progress	181.39	256.92	33.92	4,530.51	5,002.73
Projects temporarily suspended	-	-	-	-	-

Capital work in progress completion schedule for projects where completion is overdue

(₹ In Lakhs)

Capital work in progress	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
MAS headquarters	-	-	-	5,193.56	5,193.56
As at 31 March 2021					
MAS headquarters	-	-	-	5,002.73	5,002.73

(d) Right-of-use asset

The details of the right-of-use asset held by the Company is as follows:

(₹ In Lakhs)

Office Premises	
At 1 April 2020	**220.70**
Additions	-
Disposals	24.69
At 31 March 2021	**196.01**
Additions	52.66
Disposals	0.58
At 31 March 2022	**248.09**
Depreciation	
At 1 April 2020	**92.26**
Additions	74.72
Disposals	8.67
At 31 March 2021	**158.31**
Additions	36.54
Disposals	0.26
At 31 March 2022	**194.59**
Net Block Value:	
At 31 March 2021	37.70
At 31 March 2022	**53.50**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(e) Intangible assets under development

(₹ In Lakhs)

Intangible assets under development	
At 1 April 2020	**-**
Additions	-
Disposals	-
At 31 March 2021	**-**
Additions	3.57
Disposals	-
At 31 March 2022	**3.57**

Intangible assets under development aging schedule

(₹ In Lakhs)

Intangible assets under development	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
Projects in progress	3.57	-	-	-	**3.57**
Projects temporarily suspended	-	-	-	-	**-**

12. OTHER NON-FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Prepaid expenses	135.89	7.78
Advances to employees	13.63	16.04
Re-possessed assets	178.54	176.00
Capital advances	4.50	-
Other advances	34.59	31.44
Total	**367.15**	**231.26**

13. PAYABLES

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(a) 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	1,411.85	655.98
(b) 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	155.43	100.92
Total	**1,567.28**	**756.90**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Trade Payables aging schedule

(₹ In Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
(i) MSME	-	-	-	-	-
(ii) Others	1,209.38	178.73	22.46	1.28	1,411.85
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
As at 31 March 2021					
(i) MSME	-	-	-	-	-
(ii) Others	627.75	26.95	-	1.28	655.98
(iii) Disputed dues – MSME	.	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(a) Dues remaining unpaid to any supplier at the year end		
- Principal	-	-
- Interest on above	-	-
(b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
(d) Amount of interest accrued and remaining unpaid	-	-
(e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

14. DEBT SECURITIES (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Secured debentures (refer note 14.1)		
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	10,000.00
- 500, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	5,000.00
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	10,000.00
Market Linked debenture (refer note 14.1)	36,500.00	6,500.00
Less: Unamortised borrowing costs	(296.95)	(88.48)
Total	**36,203.05**	**31,411.52**
Debt securities in India	36,203.05	31,411.52
Debt securities outside India	-	-
Total	**36,203.05**	**31,411.52**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

14.1 Details of terms of redemption/repayment in respect of debt securities:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Debentures				
1000, 9.00% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	-	10,000.00	Coupon Rate: 9% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 Year and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
- 500, 9.00% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	-	5,000.00	Coupon Rate: 9% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 Year and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	-	10,000.00	Coupon Rate: 9% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 Year and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	6,500.00	6,500.00	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Years	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	10,000.00	-	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Years and 6 Months	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	10,000.00	-	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Years and 1 day	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	10,000.00	-	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Years and 2 months	Secured by a first ranking exclusive Hypothecation charge over Assets
Total debentures	**36,500.00**	**31,500.00**		

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

15. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(a) Term loans (refer note 15.1)		
(i) from banks	1,83,086.33	1,10,752.20
(ii) from other parties (financial institutions)	34,810.56	35,102.40
(b) Loans repayable on demand from banks-cash credit/overdraft (Refer note below)	25,586.65	34,324.47
(c) Short term loans from banks (Refer note below)	1,26,494.07	1,12,796.22
(d) Borrowing under securitisation	5,003.21	-
Less: Unamortised borrowing costs	(1,708.03)	(999.99)
Total	**3,73,272.79**	**2,91,975.30**
Secured	3,70,789.67	2,89,496.03
Unsecured	2,483.12	2,479.27
Total	**3,73,272.79**	**2,91,975.30**
Borrowings in India	3,73,272.79	2,91,975.30
Borrowings outside India	-	-
Total	**3,73,272.79**	**2,91,975.30**

Note:

For Cash credit / Overdraft and short term loans

(a) 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 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, Mrs. Shweta Kamlesh Gandhi and Legal heirs of Late Mr. Mukesh Chimanlal Gandhi. Overdraft loans are secured against fixed deposits placed.

(b) Interest rate range

Interest rate ranges from 2.90% p.a. to 11.00% p.a. as at 31 March 2022.

Interest rate ranges from 7.65% p.a. to 12.00% p.a. as at 31 March 2021.

The Company has not defaulted in repayment of borrowings and interest.

The Company has borrowings from banks or financial institutions on the basis of security of current assets and the quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts of the Company.

The carrying amount of financial assets which is hypothecated against all secured borrowing inclusive of margin requirement ranging from 1.10 times to 1.25 times is amounting to ₹ 4,56,236.99 lakhs (31 March 2021: ₹ 3,82,579.83 lakhs).

15.1 Details of terms of repayment in respect of term loans:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term loans from banks (Refer note i)				
Term Loan - 1	1,600.00	2,400.00	Repayable in 12 Quarterly installments from 30 June 2021	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 2	9,166.67	-	Repayable in 12 Quarterly installments from 31 March 2022	Exclusive charge by way of hypothecation of on standard receivables of the Borrower

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 3	-	0.58	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 and Mrs. Shweta Gandhi.
Term Loan - 4	6,399.17	8,000.00	Repayable in 20 Quarterly installments from 30 June 2021.	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 and Mrs. Shweta Gandhi.
Term Loan - 5	13,500.00	-	Repayable in 20 Quarterly installments from 05 November 2021.	Exclusive charge by way of hypothecation of standard book debts/ receivables which are to be financed by the company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 6	20,000.00	-	Repayable in 12 Quarterly installments from 30 June 2022.	Exclusive first charge on the specific loan portfolio of the Borrower by way of hypothecation on the loan installments receivables. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 7	3,500.00	-	Repayable in 36 monthly installments from 01 May 2022.	First Exclusive hypothecation charge on book debts created out of Bank Loan.
Term Loan - 8	9,497.65	-	Repayable in 20 Quarterly installments from 31 March 2022.	Exclusive charge by way of hypothecation of standard book debts/ receivables which are financed/ to be financed by the company out of the proposed term loan to the Company.
Term Loan - 9	5,454.57	7,500.00	Repayable in 33 monthly installments from 30 July 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 10	5,000.00	-	Repayable in 33 monthly installments from 30 July 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 11	-	626.39	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 - 12	-	778.57	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 - 13	1,580.56	1,914.10	Repayable in 96 monthly installments from 7 April 2018.	First and exclusive charge on land, property and commercial property under construction.
Term Loan - 14	728.91	1,958.22	Repayable in 36 monthly installments from 7 November 2019.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 15	269.20	522.58	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 16	1,076.79	2,090.32	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 17	448.66	870.97	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 18	500.00	750.00	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 19	2,000.00	3,000.00	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 20	833.33	1,250.00	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 21	583.33	-	Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 22	2,333.33	-	Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 23	972.22	-	Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 24	687.54	-	Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 25	2,750.14	-	Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 26	1,145.89	-	Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 27	-	208.33	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 - 28	2,666.67	4,000.00	Repayable in 36 monthly installments from 30 April 2021.	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 - 29	-	4,583.33	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 - 30	-	2,536.36	Repayable in 11 Quarterly installments from 30 September 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. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 31	1,825.25	7,272.73	Repayable in 11 Quarterly installments from 30 December 2020.	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 Mrs. Shweta Gandhi.
Term Loan - 32	7,784.85	10,000.00	Repayable in 18 Quarterly installments from 30 December 2021.	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 Mrs. Shweta Gandhi.
Term Loan - 33	10,000.00	-	Repayable in 18 Quarterly installments from 24 September 2022.	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 Mrs. Shweta Gandhi.
Term Loan - 34	5,000.00	-	Repayable in 10 Quarterly installments from 14 December 2022.	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 35	4,165.85	-	Repayable in 12 Quarterly installments from 16 December 2021.	Exclusive charge by way of Hypothecation of book debt/receivables arising out of bank financial assets of the borrower.
Term Loan - 36	-	166.67	Repayable in 36 monthly installments from 1 August 2018.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 37	416.67	1,250.00	Repayable in 12 Quarterly installments from 30 November 2019.	Exclusive charge on specific standard book debts and receivables which are financed / to be financed by the Company out of the bank finance.
Term Loan - 38	750.00	3,750.00	Repayable in 8 Quarterly installments from 30 September 2020.	Exclusive charge by way of hypothecation of on standard receivables of the Borrower

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 39	734.57	4,879.76	Repayable in 12 Quarterly installments from 31 March 2020.	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 financed to the Company. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi.
Term Loan - 40	2,599.96	5,200.00	Repayable in 16 Quarterly installments from 30 September 2019.	Secured by Hypothecation of portfolio of the Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loan - 41	7,649.91	12,750.00	Repayable in 16 Quarterly installments from 29 February 2020.	Secured by Hypothecation of portfolio of the Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loan - 42	1,500.00	2,000.00	Repayable in 16 Quarterly installments from 26 June 2021.	Exclusive charge by way of hypothecation on book debts under standard assets portfolio of the borrower eligible for Bank finance.
Term Loan - 43	11,043.60	15,489.46	Repayable in 18 Quarterly installments from 31 December 2020.	Exclusive charge by the way of hypothecation on specific receivables of the Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 44	8,421.05	5,000.00	Repayable in 19 Quarterly installments from 30 September 2021.	Exclusive charge by the way of hypothecation on specific receivables of the Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 45	-	3.83	Repayable in 36 monthly installments from 5 July 2018.	Secured by hypothecation of the vehicle financed.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 46	28,500.00	-	Repayable in 20 Quarterly installments from 31 March 2022.	Exclusive charge by the way of hypothecation on specific receivables of the Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Total term loans from banks	**1,83,086.33**	**1,10,752.20**		

Note (i):

Interest rate ranges from 8.00% p.a. to 9.20 % p.a. as at 31 March 2022.

Interest rate ranges from 8.00% p.a. to 10.75% p.a. as at 31 March 2021.

Term loans from others (Refer note ii)				
Term Loans from a Financial Institution - 1	-	1,053.62	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	-	1,705.72	Repayable in 36 monthly installments from 10 March 2019.	Secured by hypothecation of specific book debts created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 3	-	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 - 4	-	1,666.67	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 - 5	763.89	1,597.22	Repayable in 36 monthly installments from 31 March 2020.	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	1,983.33	3,116.67	Repayable in 36 monthly installments from 31 January 2021.	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	1,066.67	1,600.00	Repayable in 36 monthly installments from 30 April 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loans from a Financial Institution - 8	2,500.00	2,500.00	Bullet Repayment on 17 August 2026.	N.A.
Term Loans from a Financial Institution - 9	4,166.67	-	Repayable in 36 monthly installments from 31 October 2021.	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 - 10	-	1,300.00	Repayable in 9 monthly installments from 10 August 2020.	Secured by exclusive first charge by way of hypothecation on standard book debts of the Company. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 11	8,330.00	-	Repayable in 9 monthly installments from 10 January 2022.	Secured by exclusive first charge by way of hypothecation on standard book debts of the Company. Personal Guarantee of Mr. Kamlesh Gandhi
Term Loans from a Financial Institution - 12	-	62.50	Repayable in 10 quarterly installments from 10 March 2020.	Exclusive first charge by way of hypothecation of book debts and receivables of secured loans provided by the Borrower. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 13	16,000.00	20,000.00	Repayable in 20 Quarterly installments from 30 June 2021.	Exclusive charge by way of hypothecation of the specific receivables/book debts. Liquid collateral of 10% of the sanctioned amount.
Total term loans from others	**34,810.56**	**35,102.40**		

Note (ii):

Interest rate ranges from 5.75% p.a. to 10.00 % p.a. as at 31 March 2022.

Interest rate ranges from 6.32% p.a. to 11.15% p.a. as at 31 March 2021.

Note: The above table doesn't include associated liabilities to securitized asset that has been re-recognised due to non fulfilment of derecognition criteria as per Ind AS amounting to ₹ 5,003.21 lakhs.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

16. SUBORDINATED LIABILITIES (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Unsecured debentures (refer note 16.1)		
- 400, 14.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	4,000.00	4,000.00
- 200, 13.50% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	2,000.00
- 50, 10.75% Redeemable, Non-Convertible Debentures of ₹ 100,00,000 each	5,000.00	-
- 500, 10.75% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	5,000.00	-
Less: Unamortised borrowing costs	(278.45)	(3.45)
Total	**13,721.55**	**5,996.55**
Subordinated liabilities in India	13,721.55	5,996.55
Subordinated liabilities outside India	-	-
Total	**13,721.55**	**5,996.55**

16.1 Details of terms of repayment in respect of subordinated liabilities:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Subordinated liabilities				
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each	**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	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.
50, 10.75% unsecured, rated, listed, redeemable, subordinated, taxable, transferable, non-convertible debentures of ₹ 100 lakhs each	**5,000.00**	-	Coupon Rate: 10.75% p.a. Coupon Payment frequency : Monthly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 5 years and 7 months	N.A.
500, 10.75% unlisted, subordinated, unsecured, redeemable, non-convertible debentures of ₹ 10 lakhs each	**5,000.00**	-	Coupon Rate: 10.75% p.a. Coupon Payment frequency : Monthly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 6 years	N.A.
Total subordinated liabilities	**14,000.00**	**6,000.00**		

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

17. OTHER FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Interest accrued but not due on borrowings	2,936.21	2,198.74
Interest accrued but not due on others	1,418.85	2,570.49
Dues to the assignees towards collections from assigned receivables	12,766.42	26,185.14
Security deposits received from borrowers	27,453.98	31,905.41
Advances received against loan agreements	800.50	-
Unpaid dividend on equity shares	1.96	1.83
Dealer advances	228.61	266.90
Lease liability	56.52	46.38
Provision for Interest on Interest waiver	-	78.67
Other payable	96.38	-
Total other financial liabilities	**45,759.43**	**63,253.56**

18. PROVISIONS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits (Refer note 41)		
Compensated absences	17.05	7.07
Gratuity	7.83	5.10
Provision for unspent CSR liability	690.91	384.21
Total provisions	**715.79**	**396.38**

19. OTHER NON-FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Statutory remittances	130.93	236.55
Financial guarantee liability	1.60	2.82
Unearned income on assigned loans	4,293.73	4,330.91
Income received in advance	764.44	965.53
Total other non-financial liabilities	**5,190.70**	**5,535.81**

20. EQUITY SHARE CAPITAL

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Authorized shares:		
6,40,00,000 : Equity Shares of ₹ 10 each (As at 31 March 2021: 6,40,00,000 Equity Shares of ₹ 10 each)	6,400.00	6,400.00
2,20,00,000 : 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2021: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
2,20,00,000: 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2021: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
400 : 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each (As at 31 March 2021: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each)	400.00	400.00
	11,200.00	**11,200.00**
Issued, subscribed and fully paid-up shares:		
5,46,62,043 : Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2021: 5,46,62,043 Equity Shares of ₹ 10 each)	5,466.20	5,466.20
	5,466.20	**5,466.20**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

20.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Equity Shares				
Outstanding at the beginning of the year	5,46,62,043	5,466.20	5,46,62,043	5,466.20
Issued during the year	-	-	-	-
Outstanding at the end of the year	5,46,62,043	5,466.20	5,46,62,043	5,466.20

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

Class of shares / Name of shareholder	As at 31 March 2022		As at 31 March 2021	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Shweta Kamlesh Gandhi	1,63,38,450	29.89%	1,63,38,450	29.89%
Mukesh C. Gandhi (Refer note below)	1,61,56,814	29.56%	1,61,56,814	29.56%
Kamlesh C. Gandhi	63,04,508	11.53%	62,86,833	11.50%
Vistra ITCL I Ltd Business Excellence Trust III India Business	40,44,579	7.40%	40,44,579	7.40%
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund	27,52,094	5.03%	27,64,059	5.06%

Note: Mr. Mukesh C. Gandhi has passed away on 19 January 2021.

20.3 Details of bonus shares issued during the five years immediately preceding the balance sheet date:

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.

20.4 The Company has neither allotted any share pursuant to contracts without payment being received in cash nor has it bought back any shares during the preceding period of 5 financial years.

20.5 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.

20.6 Details of shares held by promoters (including promoter group) of the Company:

Promoter and promoter group name	Shares held by promoters at 31 March 2022		Shares held by promoters at 31 March 2021		% Change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
Equity shares					
Shweta Kamlesh Gandhi	1,63,38,450	29.89%	1,63,38,450	29.89%	0.00%
Mukesh C. Gandhi (Refer above above)	1,61,56,814	29.56%	1,61,56,814	29.56%	0.00%
Kamlesh C. Gandhi	63,04,508	11.53%	62,86,833	11.50%	0.28%
Prarthana Marketing Private Limited	13,12,557	2.40%	13,10,057	2.40%	0.19%
Anamaya Capital LLP	94,994	0.17%	94,994	0.17%	0.00%
Dhvanil K. Gandhi	34,619	0.06%	34,619	0.06%	0.00%
Dhriti K. Gandhi	12,054	0.02%	12,054	0.02%	0.00%

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

21. OTHER EQUITY (REFER NOTE 21.1)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Other equity (Refer note 21.1)		
Reserve u/s. 45-IC of RBI Act, 1934		
Outstanding at the beginning of the year	17,392.07	14,522.01
Additions during the year	3,156.53	2,870.06
Outstanding at the end of the year	**20,548.60**	**17,392.07**
Securities premium		
Outstanding at the beginning of the year	42,687.43	42,687.43
Additions during the year	-	-
Outstanding at the end of the year	**42,687.43**	**42,687.43**
Retained earnings		
Outstanding at the beginning of the year	39,634.96	28,104.57
Profit for the year	15,782.64	14,350.30
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	(8.30)	50.15
	55,409.30	**42,505.02**
Appropriations:		
Transfer to reserve u/s. 45-IC of RBI Act,1934	(3,156.53)	(2,870.06)
Final dividend on equity shares	(819.93)	-
Interim dividend on equity shares	(683.28)	-
Total appropriations	**(4,659.74)**	**(2,870.06)**
Retained earnings	**50,749.56**	**39,634.96**
Other comprehensive income		
Outstanding at the beginning of the year	12,076.21	7,310.18
Loans and advances fair valued through other comprehensive Income	(1,001.19)	936.29
Impairment on loans and advances through OCI	67.08	4,065.39
Income tax relating to items that will be reclassified to profit or loss	251.98	(235.65)
Other comprehensive income for the year, net of tax	**11,394.08**	**12,076.21**
Total other equity	**1,25,379.67**	**1,11,790.67**

21.1 Nature and purpose of reserve

1. Reserve u/s. 45-IC of the Reserve Bank of India Act, 1934 (the “RBI Act, 1934”)

   Reserve u/s. 45-IC 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. Retained earnings

   Retained earnings 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.

   The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings with separate disclosure, which comprises of:

   i) actuarial gains and losses;

   ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

   iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

4 Other comprehensive income

On 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. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

On loans

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. The Company transfers amounts from this reserve to the statement of profit and loss when the loans and advances are sold. Further, impairment loss allowances on the loans are recognised in OCI.

21.2 Equity dividend paid and proposed

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Declared and paid during the year		
Dividends on equity shares:		
Final dividend for 31 March 2021: ₹ 1.5 per share (31 March 2020: ₹ Nil per share)	819.93	-
Interim dividend for 31 March 2022: ₹ 1.25 per share (31 March 2021 : ₹ Nil per share)	683.28	-
Total dividends paid	**1,503.21**	**-**

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Proposed for approval at Annual General Meeting (not recognised as a liability)		
Dividend on equity shares:		
Final dividend for 31 March 2022: ₹ 1.75 per share (31 March 2021: ₹ 1.5 per share)	956.59	819.93

22. INTEREST INCOME

(₹ In Lakhs)

	Year ended 31 March 2022				Year ended 31 March 2021			
	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total
Interest on loans	51,550.41	36.48	-	51,586.89	43,935.16	-	-	43,935.16
Interest income from investments	-	1,121.39	643.65	1,765.04	-	41.45	64.95	106.40
Interest on deposits with banks	-	2,391.36	-	2,391.36	-	2,913.80	-	2,913.80
Other interest income	292.76	912.26	-	1,205.02	586.96	871.32	-	1,458.28
Total	**51,843.17**	**4,461.49**	**643.65**	**56,948.31**	**44,522.12**	**3,826.57**	**64.95**	**48,413.64**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

23. NET GAIN ON FAIR VALUE CHANGES

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Net gain on financial instruments at fair value through profit or loss - investments	499.12	56.32
Fair value changes:		
- Realised	187.02	29.90
- Unrealised	312.10	26.42
Total	**499.12**	**56.32**

24. OTHER INCOME

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Rental income	9.60	11.71
Net gain\(loss) on derecognition of property, plant and equipment	-	(1.16)
Dividend income	66.08	39.19
Net gain on sale of investments measured at amortized cost	23.28	-
Gain on derecognition of leased asset	0.07	2.81
Income from non-financing activity	51.55	11.64
Total	**150.58**	**64.19**

25. FINANCE COST (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Interest on debt securities	3,887.83	1,478.89
Interest on borrowings	22,418.02	19,430.03
Interest on subordinated liabilities	1,019.79	790.00
Other interest expense	2,954.11	3,538.23
Other borrowing cost	1,669.93	1,202.87
Lease liability interest obligation	4.11	9.06
Total	**31,953.79**	**26,449.08**

26. IMPAIRMENT ON FINANCIAL ASSETS

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Loans		
- Expected credit loss (On financial instruments measured at FVOCI)	67.03	4,065.44
- Expected credit loss (On financial instruments measured at amortised cost)	30.70	-
- Write off (net of recoveries)	3,010.64	3,420.66
- Loss on sale of repossessed assets	248.60	351.42
Investments		
- Expected credit loss (On financial instruments measured at amortised cost)	52.69	2.52
Total	**3,409.66**	**7,840.04**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

27. EMPLOYEE BENEFITS EXPENSE

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and wages	3,972.91	2,746.20
Contribution to provident fund and other funds	153.97	153.23
Gratuity expense (Refer note 41)	47.99	49.50
Staff welfare expenses	48.15	23.96
Total	**4,223.02**	**2,972.89**

28. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on property, plant and equipment	135.34	132.82
Amortisation of intangible assets	5.73	5.44
Right-of-use asset depreciation	36.54	74.72
Total	**177.61**	**212.98**

29. OTHER EXPENSES

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Rent	223.97	148.70
Rates and taxes	14.88	15.99
Stationery and printing	62.52	39.76
Telephone	54.21	51.82
Electricity	68.93	54.56
Postage and courier	71.65	40.46
Insurance	73.20	99.91
Conveyance	100.41	58.95
Travelling	162.58	52.97
Repairs and maintenance:		
Building	19.70	1.27
Others	140.26	66.37
Professional fees	518.86	458.00
Payment to auditors (Refer note below)	50.43	62.32
Directors' sitting fees	8.50	9.27
Legal expenses	56.83	49.99
Bank charges	139.51	145.08
Advertisement expenses	67.99	11.81
Sales promotion expenses	9.28	2.27
Recovery contract charges	14.22	35.93
Corporate social responsibility expenditure (Refer note 34)	440.87	417.64
Miscellaneous expenses	205.96	177.19
Total	**2,504.76**	**2,000.26**
Note: Payment to auditors (including taxes)		
As auditor:		
Statutory audit	18.07	25.07
Limited review of quarterly results	23.81	29.43
Other services	6.59	7.63
Reimbursements of expenses	1.96	0.19
	50.43	**62.32**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

30. TAX EXPENSES

The components of income tax expense for the years ended 31 March 2022 and 31 March 2021 are:

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Current tax	5,423.01	5,809.77
Adjustment in respect of current income tax of prior years	(50.36)	-
Deferred tax	11.51	(870.78)
Total tax charge	**5,384.16**	**4,938.99**
Current tax	5,372.65	5,809.77
Deferred tax	11.51	(870.78)

30.1 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 2022 and 31 March 2021 is, as follows:

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Accounting profit before tax	21,166.80	19,289.29
Applicable tax rate	25.17%	25.17%
Computed tax expense	5,327.26	4,854.73
Tax effect of :		
Exempted income	(20.70)	(0.88)
Non deductible items	196.75	113.93
Adjustment in respect of current income tax of prior years	(50.36)	-
Others	(68.79)	(28.79)
Tax expenses recognised in the statement of profit and loss	**5,384.16**	**4,938.99**
Effective tax rate	25.44%	25.60%

30.2 Deferred tax

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Deferred tax asset / liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	2,116.67	1,498.41
Credit / (charge) for loans and advances through OCI	251.98	(235.65)
Credit / (charge) for remeasurement of the defined benefit liabilities	2.79	(16.87)
Credit / (charge) to the statement of profit and loss	(11.51)	870.78
At the end of year DTA / (DTL) (net)	**2,359.93**	**2,116.67**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (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 2021	Statement of profit and loss	OCI	As at 31 March 2022
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	(37.61)	(6.47)	-	(44.08)
Deferred tax on fair value of investments	(1.71)	-	-	(1.71)
Impact of fair value of assets	(357.71)	-	251.98	(105.73)
Income taxable on realised basis	6.36	(8.80)	-	(2.44)
Deferred tax on prepaid finance charges	(1.48)	(27.28)	-	(28.76)
Impairment on financial assets	2,497.78	37.85	-	2,535.63
Recognition of lease liability and right to use asset	2.18	(1.42)	-	0.76
Expenses allowable on payment basis	8.86	(5.39)	2.79	6.26
Total	**2,116.67**	**(11.51)**	**254.77**	**2,359.93**

(₹ In Lakhs)

	As at 1 April 2020	Statement of profit and loss	OCI	As at 31 March 2021
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	(35.82)	(1.79)	-	(37.61)
Deferred tax on fair value of investments	(1.71)	-	-	(1.71)
Impact of fair value of assets	(122.06)	-	(235.65)	(357.71)
Income taxable on realised basis	167.11	(160.75)	-	6.36
Deferred tax on prepaid finance charges	(3.51)	2.03	-	(1.48)
Impairment on financial assets	1,474.04	1,023.74	-	2,497.78
Recognition of lease liability and right to use asset	4.53	(2.35)	-	2.18
Expenses allowable on payment basis	15.83	9.90	(16.87)	8.86
Total	**1,498.41**	**870.78**	**(252.52)**	**2,116.67**

30.3 Current tax liabilities

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Provision for tax [net of advance tax of ₹ 5,197.88 lakhs (31 March 2021: ₹ 4,632.93 lakhs)]	225.13	1,176.84

30.4 Income tax assets

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Income tax assets [net of provision for tax of ₹ 28,103.86 lakhs (31 March 2021: ₹ 22,294.09 lakhs)]	623.33	592.40

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

31. EARNINGS PER SHARE

(A) Basic earnings per share

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Net profit for the year attributable to equity shareholders (basic)	15,782.64	14,350.30
Weighted average number of equity shares of ₹ 10 each	5,46,62,043	5,46,62,043
Basic earnings per share of face value of ₹ 10 each (in ₹)	28.87	26.25

(B) Diluted earnings per share

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Net profit for the year attributable to equity shareholders (diluted)	15,782.64	14,350.30
Weighted average number of equity shares of ₹ 10 each	5,46,62,043	5,46,62,043
Diluted earnings per share of face value of ₹ 10 each (in ₹)	28.87	26.25

32. AMORTISING THE GAIN ON ASSIGNMENT OF FINANCIAL ASSETS OVER THE RESIDUAL TENURE INSTEAD OF BOOKING UPFRONT:

Disclosure requirement as per para 20 of Ind AS 1 'Presentation of Financial Statements' is as follows:

On derecognition of loans in its entirety upon assignment, as per Ind AS 109 'Financial Instruments', the Company is required to recognise the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including new asset obtained less any new liability assumed) as gain immediately in the statement of profit or loss.

The Company is of view that the accounting treatment prescribed in Ind AS 109 inflates the income at the time of assignment and leads to reporting higher earnings per share, potentially higher dividend pay-out and improved capital adequacy ratio and will not present true and fair view of the entity's financial position, financial performance and cash flows. Therefore, the management of the Company has exercised their judgement under para 19 of Ind AS 1 and has departed from the aforementioned requirement of Ind AS 109. The Company is complying with the applicable Ind AS except for the particular requirement of Ind AS 109 as mentioned above.

As per current practice, such gains are recognised as 'unearned income on assigned loans' under the head 'other non-financial liabilities' and is amortised in the statement of profit and loss over the period of the underlying residual tenure of the assigned loan portfolio while related assets and liabilities are recorded at the fair value as per Ind AS requirement.

If the Company had complied with Ind AS 109, the financial impact on the following items [Increase / (decrease)] in the financial statements would have been as under:

(A) Impact on Statement of Profit and Loss items:

(₹ In Lakhs)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Gain on assignment of financial assets	(37.18)	(3,394.64)
Profit before tax	(37.18)	(3,394.64)
Deferred tax expense / (Credit)	(9.36)	(854.36)
Profit after tax	(27.82)	(2,540.28)
Basic / Diluted EPS	(0.05)	(4.65)

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(B) Impact on Balance Sheet items:

(₹ In Lakhs)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Other equity	3,212.92	3,240.74
Other non-financial liabilities	(4,293.73)	(4,330.91)
Deferred tax asset	(1,080.81)	(1,090.17)

Further, NBFC industry body Finance Industry Development Council which is represented by more than 100 NBFCs is also of the same view.

33. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(A) Contingent liabilities		
I) Guarantees given on behalf of subsidiary company: (Refer note i)		
a) To banks		
Amount of guarantees ₹ Nil (31 March 2021: ₹ 1,000 lakhs)		
Amount of loans outstanding	-	107.14
b) To National Housing Bank ("NHB")		
Amount of guarantees ₹ 500 lakhs (31 March 2021: ₹ 500 lakhs)		
Amount of loan outstanding	111.31	144.07
(B) Commitments		
I) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
Property, plant & equipment and Capital work in progress	138.00	-
II) Loan commitments for sanctioned but not disbursed amount	4,500.00	135.00

Notes:

i) Guarantees have been 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) The Company's pending litigations comprise of proceedings pending with Income Tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

34. CORPORATE SOCIAL RESPONSIBILITY ("CSR") EXPENSES:

The average profit before tax of the Company for the last three financial years was ₹ 22,043.33 lakhs, basis which the Company was required to spend ₹ 440.87 lakhs towards CSR activities for the current financial year (31 March 2021: ₹ 417.64 lakhs).

a) Amount spent during the year on:

(₹ In Lakhs)

Particulars	31 March 2022			31 March 2021		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purpose other than (i) above	42.00	398.87	440.87	33.43	384.21	417.64

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

b) The Company has not made any transaction with related parties in relation to CSR expenditure as per Ind AS 24.

c) In case of Section 135(6): Details of on-going projects

(₹ In Lakhs)

F. Y.	Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
	With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
2021-22	**-**	**384.21**	**440.87**	**42.00**	**92.17**	**398.87**	**292.04**
2020-21	Nil	N.A.	417.64	33.43	-	384.21	-

Note: Unspent CSR amount of ₹ 384.21 lakhs for FY 2020-21 was deposited in unspent CSR bank account on 28 April 2021. Unspent amount of ₹ 398.87 lakhs available with the Company shall be transferred to an unspent CSR account by end of 30 April 2022.

d) Reason for shortfall: The Company has on-going projects and it is spending the said amount as per pre-approved on-going projects. For more details, refer annexure of Director's report on CSR.

e) Nature of CSR activities: Promoting education, eradicating hunger, poverty & malnutrition, promoting health care and such other activities. For more details, refer annexure of Director's report on CSR.

35. 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".

36. 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 ("KMP")	Mr. Kamlesh C. Gandhi (Chairman and managing director)
	(where there are transactions)	Mr. Mukesh C. Gandhi (Whole time director and chief financial officer) (till 19 January 2021)
		Mrs. Darshana S. Pandya (Director and chief executive officer)
		Mr. Bala Bhaskaran (Independent director)
		Mr. Umesh Shah (Independent director)
		Mr. Chetanbhai Shah (Independent director)
		Mrs. Daksha Shah (Independent director)
3	Other related parties	Prarthna Marketing Private Limited
	(where there are transactions)	Anamaya Capital LLP
		Mrs. Shweta K. Gandhi (relative of KMP)
		Mr. Dhvanil K. Gandhi (relative of KMP)
		Mr. Saumil D. Pandya (relative of KMP)
		Ms. Dhriti K. Gandhi (relative of KMP)
		Umesh Rajanikant Shah HUF (relative of KMP)
		Pauravi Umesh Shah (relative of KMP)

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Transactions with related parties are as follows:

(₹ In Lakhs)

	Year ended 31 March 2022			
	Subsidiary	Key management personnel	Other related parties	Total
Rent income	9.60	-	-	9.60
Recovery contract charges received	3.32	-	-	3.32
Expenditure reimbursed by	979.50	-	-	979.50
Remittances of collection received on behalf of	59.82	-	-	59.82
Remuneration (including bonus)	-	414.94	78.67	493.61
Dividend received	66.08	-	-	66.08
Dividend paid	-	617.73	489.64	1,107.37
Investment	1,000.00	-	-	1,000.00
Sitting fees	-	7.80	-	7.80

(₹ In Lakhs)

	Year ended 31 March 2021			
	Subsidiary	Key management personnel	Other related parties	Total
Rent income	11.71	-	-	11.71
Recovery contract charges received	2.40	-	-	2.40
Expenditure reimbursed by	12.59	-	-	12.59
Remittances of collection received on behalf of	36.47	-	-	36.47
Remuneration (including bonus)	-	39.56	64.70	104.26
Dividend received	39.19	-	-	39.19
Sitting fees	-	8.50	-	8.50

Balances outstanding from related parties are as follows:

(₹ In Lakhs)

	As at 31 March 2022			
	Subsidiary	Key management personnel	Other related parties	Total
Bonus payable	-	22.70	2.10	24.80
Investment	4,485.36	-	-	4,485.36
Guarantees outstanding	111.31	-	-	111.31

(₹ In Lakhs)

	As at 31 March 2021			
	Subsidiary	Key management personnel	Other related parties	Total
Bonus payable	-	1.20	1.92	3.12
Investment	3,344.98	-	-	3,344.98
Guarantees outstanding	251.21	-	-	251.21

Financial guarantee commission income amounts to ₹ 1.22 lakhs (31 March 2021: ₹ 2.51 lakhs) on account of fair valuation of corporate financial guarantee given to bank on behalf of subsidiary.

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 Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Transactions with key management personnel are as follows:

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Post-employment benefits	1.23	2.68
Other long term employment benefits	4.46	0.38
	5.69	**3.06**

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 the 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 2022	Maximum balance out-standing during the year ended 31 March 2022	As at 31 March 2021	Maximum balance out-standing during the year ended 31 March 2021
1	M Power Micro Finance Private Limited	-	-	-	1,305.11

* The director interested in M Power Micro Finance Private Limited redeemed his holding on 23 October 2020 and hence, the disclosures made are of maximum balance outstanding up to that date.

37. 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 2022 and 31 March 2021. 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	Financial instrument collateral (refer note 2)	Net amount
31 March 2022					
Loans and advances	4,55,969.91	589.71	4,55,380.20	28,872.83	4,26,507.37
31 March 2021					
Loans and advances	3,83,459.23	2,945.83	3,80,513.40	34,475.90	3,46,037.50

Note:

1. ₹ 589.71 lakhs (31 March 2021: ₹ 2,945.83 lakhs) represents advances received against loan agreements.
2. ₹ 28,872.83 lakhs (31 March 2021: ₹ 34,475.90 lakhs) represents security deposits received from borrowers.

38. EVENTS AFTER THE REPORTING PERIOD

Ind AS 10 'Events after the Reporting Period', requires an entity to evaluate information available after the balance sheet date to determine if such information constitutes an adjusting event, which would require an adjustment to the financial statements, or a non-adjusting event, which would only require disclosure. There have been no events after the reporting date that require disclosure in these financial statements.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

39. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to the statement of profit and loss:

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Type of income		
Others	1,721.90	1,804.62
Total revenue from contracts with customers	**1,721.90**	**1,804.62**
Geographical markets		
India	1,721.90	1,804.62
Outside India	-	-
Total revenue from contracts with customers	**1,721.90**	**1,804.62**
Timing of revenue recognition		
Services transferred at a point in time	1,721.90	1,804.62
Services transferred over time	-	-
Total revenue from contracts with customers	**1,721.90**	**1,804.62**

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 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	27,349.84	-	27,349.84	96,505.14	-	96,505.14
Bank balance other than cash and cash equivalents	53,657.66	2,072.84	55,730.50	1,043.21	2,137.54	3,180.75
Trade receivables	100.41	-	100.41	221.45	-	221.45
Loans	2,78,870.16	1,76,510.04	4,55,380.20	2,30,040.95	1,50,472.45	3,80,513.40
Investments	15,768.78	38,037.24	53,806.02	6,107.17	17,396.19	23,503.36
Other financial assets	4,351.33	910.39	5,261.72	3,979.29	785.55	4,764.84
Non-financial assets						
Income tax assets (net)	-	623.33	623.33	-	592.40	592.40
Deferred tax assets (net)	-	2,359.93	2,359.93	-	2,116.67	2,116.67
Property, plant and equipment	-	1,239.03	1,239.03	-	1,081.27	1,081.27
Capital work-in-progress	-	5,204.39	5,204.39	-	5,002.73	5,002.73
Right-of-use asset	14.29	39.21	53.50	32.45	5.25	37.70
Intangible assets under development	-	3.57	3.57	-	-	-
Other intangible assets	-	22.00	22.00	-	8.76	8.76
Other non-financial assets	367.15	-	367.15	231.26	-	231.26
Total assets	**3,80,479.62**	**2,27,021.97**	**6,07,501.59**	**3,38,160.92**	**1,79,598.81**	**5,17,759.73**
LIABILITIES						
Financial liabilities						
Trade payables	1,411.85	-	1,411.85	655.98	-	655.98
Other payables	155.43	-	155.43	100.92	-	100.92
Debt securities	6,464.63	29,738.42	36,203.05	24,976.34	6,435.18	31,411.52

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Borrowings (other than debt securities)	2,38,508.47	1,34,764.32	3,73,272.79	2,06,099.26	85,876.04	2,91,975.30
Subordinated liabilities	4,000.00	9,721.55	13,721.55	1,996.55	4,000.00	5,996.55
Other financial liabilities	31,121.11	14,638.32	45,759.43	49,253.17	14,000.39	63,253.56
Non-financial liabilities						
Current tax liabilities (net)	225.13	-	225.13	1,176.84	-	1,176.84
Provisions	9.60	706.19	715.79	-	396.38	396.38
Other non-financial liabilities	4,041.91	1,148.79	5,190.70	4,398.23	1,137.58	5,535.81
Total liability	**2,85,938.13**	**1,90,717.59**	**4,76,655.72**	**2,88,657.29**	**1,11,845.57**	**4,00,502.86**
Net	**94,541.49**	**36,304.38**	**1,30,845.87**	**49,503.63**	**67,753.24**	**1,17,256.87**

41. EMPLOYEE BENEFIT PLAN

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefits 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 ₹ 129.12 lakhs (31 March 2021: ₹ 126.89 lakhs) and employee state insurance scheme aggregating ₹ 13.45 lakhs (31 March 2021: ₹ 15.75 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.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

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 2022	As at 31 March 2021
i. Reconciliation of opening and closing balances of defined benefit obligation		
Present value of defined benefit obligations at the beginning of the year	283.78	294.76
Current service cost	49.33	48.44
Interest cost	18.92	19.84
Benefits paid	(17.59)	(8.37)
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in demographic assumptions	(5.62)	(5.74)
Change in financial assumptions	(3.00)	-
Experience adjustments	16.41	(65.15)
Present value of defined benefit obligations at the end of the year	**342.23**	**283.78**
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	278.68	249.11
Interest income	20.27	18.78
Return on plan assets excluding amounts included in interest income	(3.31)	(3.88)
Contributions by the Company	56.35	23.04
Benefits paid	(17.59)	(8.37)
Fair value of plan assets at the end of the year	**334.40**	**278.68**
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	**342.23**	283.78
Fair value of plan assets at the end of the year	**334.40**	278.68
Net asset / (liability) recognized in the balance sheet as at the end of the year	**(7.83)**	**(5.10)**

iv. Composition of plan assets

100% of plan assets are administered by LIC.

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
v. Expense recognised during the Year		
Current service cost	49.33	48.44
Interest cost	(1.34)	1.06
Expenses recognised in the statement of profit and loss	**47.99**	**49.50**
vi. Other comprehensive income		
Components of actuarial gain/losses on obligations:		
Due to change in financial assumptions	(3.00)	-
Due to change in demographic assumption	(5.62)	(5.74)
Due to experience adjustments	16.41	(65.15)
Return on plan assets excluding amounts included in interest income	3.31	3.88
Components of defined benefit costs recognised in other comprehensive income	**11.10**	**(67.01)**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
vii. Principal actuarial assumptions		
Discount rate (per annum)	6.95%	6.85%
Rate of return on plan assets (p.a.)	6.95%	6.85%
Annual increase in salary cost	8.00%	8.00%
Withdrawal rates per annum		
25 and below	20.00%	10.00%
26 to 35	15.00%	8.00%
36 to 45	10.00%	6.00%
46 to 55	5.00%	4.00%
56 and above	5.00%	2.00%

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:

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Defined benefit obligation (Base)	342.23	283.78

(₹ In Lakhs)

	Year ended 31 March 2022		Year ended 31 March 2021	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	357.65	327.86	299.98	268.83
(% change compared to base due to sensitivity)	4.50%	-4.20%	5.71%	-5.26%
Salary growth rate (- / + 0.5%)	330.50	354.74	271.30	296.98
(% change compared to base due to sensitivity)	-3.43%	3.66%	-4.40%	4.65%
Withdrawal rate (W.R.) (W.R. x 90% / W.R. x 110%)	343.66	340.85	284.86	282.75
(% change compared to base due to sensitivity)	0.42%	-0.40%	0.38%	-0.36%

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 9.09 years.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1st Following Year	26.39	3.80%
2nd Following year	27.13	3.90%
3rd Following Year	26.53	3.80%
4th Following Year	26.65	3.80%
5th Following Year	28.02	4.00%
Sum of years 6 to 10	148.69	21.20%

The future accrual is not considered in arriving at the above cash-flows.

The expected contribution for the next year is ₹ 7.83 lakhs.

c) Other long term employee benefits

The liability for compensated absences as at 31 March 2022 is ₹ 17.05 lakhs and as at 31 March 2021 is ₹ 7.07 lakhs.

Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the provident fund Act and the gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry of Labour and Employment. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

42. FINANCIAL INSTRUMENT AND FAIR VALUE MEASUREMENT

Fair value 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 a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

A. Measurement of fair values

i) 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.

ii) Transfers between levels 1 and 2

There has been no transfer in between level 1 and level 2.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

iii) 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 month of the year end which is an unobservable input and therefore these has been considered to be fair valued using level 3 inputs.

Investments measured at FVTPL

Fair values of market linked debentures have been determined under level 1 using quoted market prices of the underlying instruments. Fair value of investment in alternate investment funds and mutual funds have been determined under level 2 using observable input. For fair value of investment in OCPS of subsidiary, the Company has used incremental borrowing rate and applied discounted cash flow model and accordingly measured under level 3.

B. 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 2022	Carrying amount			Fair value			
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Loans measured at FVOCI	-	4,51,322.09	-	-	-	4,51,322.09	4,51,322.09
Investments measured at FVTPL	-	-	32,583.14	26,296.65	4,021.96	2,264.53	32,583.14
	-	**4,51,322.09**	**32,583.14**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	27,349.84	-	-	27,349.84	-	-	27,349.84
Bank balance other than cash and cash equivalents	55,730.50	-	-	55,730.50	-	-	55,730.50
Trade receivables	100.41	-	-	-	-	100.41	100.41
Loans measured at amortised cost	4,058.11	-	-	-	-	4,088.81	4,088.81
Investment measured at amortised cost	19,002.05	-	-	-	-	19,057.26	19,057.26
Other financial assets	5,261.72	-	-	-	-	5,258.15	5,258.15
	1,11,502.63	**-**	**-**				
Financial liabilities not measured at fair value[1]							
Trade payables	1,411.85	-	-	-	-	1,411.85	1,411.85
Other payables	155.43	-	-	-	-	155.43	155.43
Debt securities	36,203.05	-	-	-	-	38,322.32	38,322.32
Borrowings (other than debt securities)	3,73,272.79	-	-	-	-	3,74,970.50	3,74,970.50
Subordinated liabilities	13,721.55	-	-	-	-	14,019.98	14,019.98
Other financial liabilities	45,759.43	-	-	-	-	45,759.43	45,759.43
	4,70,524.10	**-**	**-**				

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

As at 31 March 2021	Carrying amount			Fair value			
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Loans measured at FVOCI	-	3,80,513.40	-	-	-	3,80,513.40	3,80,513.40
Investments measured at FVTPL	-	-	14,721.02	11,566.97	2,029.90	1,124.15	14,721.02
	-	**3,80,513.40**	**14,721.02**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	96,505.14	-	-	96,505.14	-	-	96,505.14
Bank balance other than cash and cash equivalents	3,180.75	-	-	3,180.75	-	-	3,180.75
Trade receivables	221.45	-	-		-	221.45	221.45
Investment measured at amortised cost	6,561.51	-	-	-	-	6,564.03	6,564.03
Other financial assets	4,764.84	-	-	-	-	4,762.47	4,762.47
	1,11,233.69	**-**	**-**				
Financial liabilities not measured at fair value[1]							
Trade payables	655.98	-	-	-	-	655.98	655.98
Other payables	100.92					100.92	100.92
Debt securities	31,411.52					31,520.62	31,520.62
Borrowings (other than debt securities)	2,91,975.30	-	-	-	-	2,93,032.13	2,93,032.13
Subordinated liabilities	5,996.55	-	-	-	-	6,168.36	6,168.36
Other financial liabilities	63,253.56	-	-	-	-	63,253.56	63,253.56
	3,93,393.83	**-**	**-**				

[1] The Company has determined that the carrying values of cash and cash equivalents, bank balances (with the residual maturity up to 12 months), trade payables, short term debts and borrowings, cash credit and other current liabilities are a reasonable approximation of their fair value as these are short term in nature.

Reconciliation of level 3 fair value measurement is as follows:

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Loans		
Balance at the beginning of the year	3,84,844.31	3,42,572.18
Addition during the year	3,45,406.49	2,50,842.48
Amount derecognised / repaid during the year	(2,70,623.15)	(2,06,085.98)
Amount written off	(3,010.64)	(3,420.66)
Gains/(losses) recognised in other comprehensive income	(1,001.19)	936.29
Balance at the end of the year	4,55,615.82	3,84,844.31

* The above classification also includes balance of spread receivable on assigned portfolio. (Refer note 10)

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Sensitivity analysis to fair value

(₹ In Lakhs)

	Amount, net of tax	
	Increase	Decrease
31 March 2022		
Loans		
Interest rates (50 bps movement)	(897.76)	901.67
Investment in OCPS of subsidiary		
Interest rates (50 bps movement)	(26.57)	27.20
31 March 2021		
Loans		
Interest rates (50 bps movement)	(673.17)	675.78
Investment in OCPS of subsidiary		
Interest rates (50 bps movement)	(13.36)	13.68

43 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 regulator, 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.

43.1 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.

43.2 Regulatory capital

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Tier 1 Capital	1,16,420.76	1,02,662.08
Tier 2 Capital	16,520.39	8,467.87
Total Capital (Numerator)	**1,32,941.15**	**1,11,129.95**
Risk weightage assets (Denominator)	5,04,527.96	4,13,815.48
Risk weighted assets		
Tier 1 Capital Ratio (%)	23.08%	24.81%
Tier 2 Capital Ratio (%)	3.27%	2.05%
Total Capital Ratio (%)	26.35%	26.85%

Tier 1 capital consists of shareholders' equity and retained earnings excluding unrealised gain but including unrealised loss. Tier 2 capital consists of ECL on stage 1 and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier 1).

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

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.

44.1 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 loans and investments.

The carrying amounts of financial assets represent the maximum credit risk exposure.

(a) 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 Company has established a credit policy under which each new customer is analysed individually for creditworthiness before sanctioning any loan. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information, the loan-to-value ratio etc.

Analysis of risk concentration

The following table shows the risk concentration of the Company's loans.

(₹ In Lakhs)

	Carrying Amount	
	As at 31 March 2022	**As at 31 March 2021**
Retail assets loans:	2,28,609.18	1,64,077.99
Two wheeler loans	25,978.81	19,548.15
Micro enterprise loans	1,04,316.10	88,992.95
Salaried personal loans	10,339.65	9,243.88
Small and medium enterprise loans	83,248.97	42,146.37
Commercial vehicle loans	4,725.65	4,146.64
RAC loans	**2,31,095.45**	**2,20,766.32**
Total	**4,59,704.63**	**3,84,844.31**

Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers and machinery & property in case of SME customers. The secured exposure are secured wholly or partly by hypothecation of assets and undertaking to create a security.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

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 loans 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.

(i) Staging:

As per the provision of Ind AS 109, 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 due by more than 90 days 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 Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. The Company has staged the assets based on the days past dues criteria and other market factors which significantly impacts the loan portfolio.

Company's internal grades and staging criteria for loans are as follows:

Days past dues status	Stage	Internal grades	Provisions
Current	Stage 1	High Quality assets, negligible credit risk	12 months provision
1-30 Days	Stage 1	High Quality assets, negligible credit risk	12 months provision
31-60 Days	Stage 2	Quality assets, low credit risk	Lifetime provision
61-90 Days	Stage 2	Standard assets, moderate credit risk	Lifetime provision
91-180 Days	Stage 3	Sub-standard assets, relatively high credit risk	Lifetime provision
>180 Days	Stage 3	Low quality assets, very high credit risk	Lifetime provision

(ii) Grouping:

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. The Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

a. Two wheeler loans

b. Micro enterprise loans

c. Salaried personal loans

d. Small and medium enterprise loans

e. Commercial vehicle loans

f. Retail asset channel loans

(iii) 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. Probability of default ("PD")

b. Loss given default ("LGD")

c. Exposure at default ("EAD")

d. Discount factor ("D")

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

For RAC loan portfolio, the Company has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Company consists of various parameters based on which RAC loan portfolio is evaluated and credit rating is assigned accordingly. The credit rating matrix developed by the Company is validated in accordance with its ECL policy.

The Company has developed its PD matrix based on the external benchmarking of external reports, external ratings and Basel norms. This PD matrix is calibrated with its historical data and major events on regular time interval in accordance with its ECL policy.

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 of the Company 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. The Company has worked out PD based on the last five years historical data.

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 are 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 Current year.

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.

Loss given default:

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. The 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 four components, which are:
   a) Outstanding balance (POS)
   b) Recovery amount (discounted yearly) by effective interest rate.
   c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using effective interest rate.
   d) Collateral (security) amount.

The formula for the computation is as below:

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total outstanding balance) % LGD = 1 – recovery rate

For RAC loan portfolio, the LGD has been considered based on Basel-II Framework for all the level of credit rating portfolio.

Exposure at default:

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 Company has modelled EAD based on the contractual and behavioural cash flows till the lifetime of the loans considering the expected assignment of loans.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

The 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. The exposure at default is calculated for each product and for various DPD status after considering future expected assignment which is not at risk. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure of retail loans. Further, the EAD for stage 3 retail loans are the outstanding exposures at the time loan is classified as Stage 3 for the first time.

Discounting:

Conditional ECL at DPD pool level was computed with the following method:

Conditional retail ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

Conditional RAC ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt)

For RAC loan portfolio, the Company has calculated ECL based on borrower wise assessment of internal credit rating as per the framework of the Company, while for retail loan portfolio, the same has been calculated on collective basis.

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of ECL provided for across the stages is summarised below:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Stage 1	1.03%	1.58%
Stage 2	11.37%	20.12%
Stage 3	42.61%	38.61%
Amount of expected credit loss provided for	**10,019.62**	**9,921.84**

The loss rates are based on actual credit loss experience over past 5 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.

(iv) Impact assessment on account of COVID-19

In accordance with the board approved moratorium policy read with RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Company continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The Company's management is continuously monitoring the situation and the economic factors affecting the operations of the Company arising on account of COVID-19 and accordingly is providing for additional management overlay provision for such uncertainty. As at 31 March 2022, additional Expected Credit Loss (ECL) provision on loan assets as management overlay on account of COVID-19 stood at ₹ 3,783.71 lakh (31 March 2021: ₹ 5,622.97 lakh).

The additional ECL provision on account of COVID-19 is based on the Company's historical experience, collection efficiencies till date, internal assessment and other macro economic factors on account of the pandemic. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic.

(v) Modification of financial assets

The Company has modified the terms of certain loans provided to customers in accordance with RBI notification on MSME restructuring dated 6 August 2020 and 5 May 2021. Such restructuring benefits are provided to distressed customers who are impacted by COVID-19 pandemic.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Such restructuring benefits include extended payment term arrangements, moratorium and changes in interest rates. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer note 3.5). The Company monitors the subsequent performance of modified assets. The gross carrying amount of such assets held as at 31 March 2022 is ₹ 1,615.53 lakhs (31 March 2021: ₹ 446.20 lakhs). Overall provision for expected credit loss against restructured loan exposure amounts to ₹ 178.30 lakhs as at 31 March 2022 (31 March 2021: ₹ 111.92 lakhs). The Company continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets.

(b) 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 subject to an insignificant risk of change in value.

44.2 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 of loans.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

The total cash credit limit available to the Company is ₹ 1,82,500 lakhs spread across 14 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

RBI has mandated minimum liquidity coverage ratio (LCR) of 50% to be maintained by December 2021, which is to be gradually increased to 100% by December 2024. The Company has LCR of 192.68% as of 31 March 2022 as against the LCR of 50% mandated by RBI.

Over the years, the Company has maintained around 20% to 25% 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 undiscounted cash flow of the Company's financial liabilities:

(₹ In Lakhs)

	1 day to 30 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 2022									
Debt securities	-	-	-	-	7,658.97	35,710.89	-	-	43,369.86
Borrowings (Other than debt securities)	5,938.42	7,423.30	16,125.87	28,463.40	1,96,328.20	1,16,099.95	36,036.87	-	4,06,416.01
Subordinated liabilities	72.16	88.36	4,209.55	270.96	533.08	2,152.95	2,150.00	10,216.34	19,693.39
Payable	1,120.74	271.85	10.05	30.15	134.49	-	-	-	1,567.28
Lease liability	2.29	1.84	1.84	4.53	6.92	28.57	22.57	-	68.55
Other financial liabilities	16,186.24	982.33	2,404.35	4,333.35	7,201.88	13,103.72	1,156.35	334.68	45,702.91

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	1 day to 30 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 2021									
Debt securities	-	-	-	2,250.00	26,110.59	7,629.52	-	-	35,990.11
Borrowings (Other than debt securities)	6,903.87	4,486.55	10,372.48	16,962.18	1,78,139.52	71,767.48	23,569.16	2,615.96	3,14,817.20
Subordinated liabilities	-	-	129.64	2,254.11	259.29	4,118.25	-	-	6,761.29
Payable	647.44	10.13	9.80	29.41	60.12	-	-	-	756.90
Lease liability	5.99	5.45	5.33	14.51	10.37	6.62	0.76	-	49.03
Other financial liabilities	29,158.38	1,446.13	2,019.95	4,984.09	11,605.17	12,103.20	1,361.88	528.38	63,207.18

44.3 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.

A. 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 and variable interest rate borrowings and lending.

The sensitivity analysis have been carried out based on the exposure to interest rates for lending and borrowings carried at variable rate and investments made by the Company.

(₹ In Lakhs)

Change in interest rates	Year ended 31 March 2022		Year ended 31 March 2021	
	50 bps increase	50 bps decrease	50 bps increase	50 bps decrease
Investments	26,296.65	26,296.65	11,566.97	11,566.97
Impact on profit before tax for the year	131.48	(131.48)	57.83	(57.83)
Variable rate lending	2,31,095.45	2,31,095.45	2,20,766.32	2,20,766.32
Impact on profit before tax for the year	1,155.48	(1,155.48)	1,103.83	(1,103.83)
Variable rate borrowings	3,53,977.61	3,53,977.61	2,66,619.90	2,66,619.90
Impact on profit before tax for the year	(1,769.89)	1,769.89	(1,333.10)	1,333.10

B. Foreign currency risk

The Company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Company.

45. LEASE DISCLOSURE

Where the Company is the lessee

The Company has entered into agreements for taking its office premises under leave and license arrangements. These agreements are for tenures between 11 months and 5 years and majority of the agreements are renewable by mutual consent on mutually agreeable terms, lease rentals have an escalation ranging between 5% to 15%. Leases for which the lease term is less than 12 months have been accounted as short term leases.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

Contractual cash maturities of lease liabilities on an undiscounted basis	As at 31 March 2022	As at 31 March 2021
Not later than one year	17.41	41.65
Later than one year and not later than five years	51.14	7.38
Later than five years	-	-
Total undiscounted lease liabilities	**68.55**	**49.03**
Lease liabilities included in the balance sheet		
Total lease liabilities	56.52	46.38

(₹ In Lakhs)

Amount recognised in the statement of profit and loss account	Year ended 31 March 2022	Year ended 31 March 2021
Interest on lease liabilities	4.11	9.06
Depreciation charge for the year	36.54	74.72
Expenses relating to short term leases	223.97	148.70

(₹ In Lakhs)

Amount recognised in statement of cash flow	Year ended 31 March 2022	Year ended 31 March 2021
Cash outflow towards lease liability	(42.13)	(81.24)

For addition and carrying amount of right to use asset for 31 March 2022 and 31 March 2021, refer note 11(d).

Title deeds of all immovable properties of the Company are held in name of the Company. Further all the lease agreements are duly executed in favour of the Company for properties where the Company is the lessee.

46. TRANSFER OF FINANCIAL ASSETS

46.1 Transferred financial assets that are not derecognised in their entirety

The following table provides a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Securitisation		
Carrying amount of transferred assets	5,759.75	-
Carrying amount of associated liabilities (Borrowings - other than debt securities)	5,003.21	-
Fair value of assets (A)	5,750.45	-
Fair value of associated liabilities (B)	4,995.13	-
Net position at Fair Value (A-B)	755.31	-

46.2 Transferred financial assets that are derecognised in their entirety

The Company has assigned loans by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of exposure net of MRR to the buyer, the assets have been de-recognised from the Company's Balance Sheet. The table below summarises the carrying amount of the derecognised financial assets :

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Direct assignment		
Carrying amount of de-recognised financial asset	1,06,918.22	1,31,581.06
Carrying amount of retained financial asset	14,582.48	15,344.12

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

46.3 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

47. No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at 31 March 2022 and 31 March 2021.

48. The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2022 and 31 March 2021.

49. The Company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022 and 31 March 2021.

50. All the charges or satisfaction, as applicable are registered with ROC within the statutory period.

51. The Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at 31 March 2022 are held by the Company in the form of deposits or in current accounts till the time the utilisation is made subsequently.

52. There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2022 and 31 March 2021, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended 31 March 2022 and 31 March 2021.

53. As a part of normal lending business, the Company grants loans and advances on the basis of security / guarantee provided by the Borrower/ co-borrower. These transactions are conducted after exercising proper due diligence.

Other than the transactions described above,

(a) No funds have been advanced or loaned or invested by the Company to or in any other person(s) or entity(ies) including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in a party identified by or on behalf of the Company (Ultimate Beneficiaries);

(b) No funds have been received by the Company from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

54A. The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2022 and 31 March 2021.

54B. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended 31 March 2022 and 31 March 2021.

54C. The Company has not entered into any scheme of arrangement.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

55. DISCLOSURES REQUIRED IN TERMS OF ANNEXURE XVI OF THE RBI MASTER DIRECTION DNBR. PD. 008/03.10.119/2016-17 DATED 1 SEPTEMBER 2016 (UPDATED AS ON 3 MARCH 2022) "MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 ARE MENTIONED AS BELOW:

55.1 Capital

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
i) CRAR (%)	26.35%	26.85%
ii) CRAR - Tier I capital (%)	23.08%	24.81%
iii) CRAR - Tier II capital (%)	3.27%	2.05%
iv) Amount of subordinated debt raised as Tier-II capital	12,000.00	3,300.00
v) Amount raised by issue of perpetual debt instruments	-	-

55.2 Investments

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
1. Value of investments		
(i) Gross value of investments		
(a) In India	53,861.23	23,505.88
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	55.21	2.52
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	53,806.02	23,503.36
(b) Outside India	-	-
2. Movement of provisions held towards depreciation on investments.		
(i) Opening balance	2.52	-
(ii) Add : Provisions made during the year	52.69	2.52
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	55.21	2.52

55.3 Derivatives

The Company has not entered into any derivative transactions and hence the disclosure required has not been made.

55.4 Asset liability management maturity pattern of certain items of assets and liabilities

As at 31 March 2022

(₹ In Lakhs)

	Over 1 day to 7 days	Over 8 day to 14 days	Over 15 day to 30 days	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	3,525.57	-	196.48	-	-	1.14	53,559.50	-	2,072.84	-	59,355.53
Advances	5,749.42	6,331.82	21,532.67	28,083.45	34,790.61	72,115.21	1,10,266.98	1,58,424.07	16,293.46	1,792.51	4,55,380.20
Investments	258.71	-	2,653.47	1,967.66	1,768.35	3,109.58	6,011.01	33,703.23	1,181.99	3,152.02	53,806.02
Borrowings	700.30	1,905.67	1,788.30	5,841.57	18,626.37	24,268.72	1,89,377.53	1,37,530.79	33,436.59	9,721.55	4,23,197.39
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

As at 31 March 2021

(₹ In Lakhs)

	Over 1 day to 7 days	Over 8 day to 14 days	Over 15 day to 30 days	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	23,067.82	10,653.04	4,290.76	7,809.88	1,702.06	-	1,026.92	-	2,137.54	-	50,688.02
Advances	1,969.23	4,161.17	16,094.70	21,376.05	21,989.93	62,696.52	1,01,753.35	1,30,109.48	18,519.99	1,842.98	3,80,513.40
Investments	-	-	650.18	749.53	706.86	1,851.76	2,148.82	14,051.23	666.67	2,678.31	23,503.36
Borrowings	1,625.60	1,447.75	2,748.77	3,412.55	9,343.73	16,082.01	1,98,411.74	72,670.00	21,128.11	2,513.11	3,29,383.37
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

55.5 Exposure to Real Estate Sector

(₹ In Lakhs)

Category	As at 31 March 2022	As at 31 March 2021
a) Direct exposure		
(i) Residential mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	-	-
(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 shall also include non-fund based limits;	2,293.97	2,360.93
(iii) Investments in Mortgage Backed Securities ("MBS") and other securitised exposures -		
a. Residential	-	-
b. Commercial real estate	-	-

55.6 Exposure to Capital Market

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(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;	2,684.08	2,220.83
(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;	-	-
(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;	-	-
(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;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(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;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to venture capital funds (both registered and unregistered)	-	-
Total	**2,684.08**	**2,220.83**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

55.7 Details of financing of parent company products

Not applicable

55.8 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

55.9 Unsecured advances

a) Refer note 8(B)(ii) to the standalone financial statements.

b) The Company has not granted any advances against intangible securities (31 March 2021: Nil).

55.10 Registration obtained from other financial sector regulators

The Company is registered with RBI and has all its operations in India, it has not obtained registration from any other financial sector regulators during the year.

55.11 Disclosure of penalties imposed by RBI and other regulators

During the year ended 31 March 2022, no penalties have been imposed by RBI and other regulators (31 March 2021: Nil).

55.12 Related party transactions

Refer note 36 to the standalone financial statements.

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

By Acuite Ratings & Research Limited:

(₹ In Lakhs)

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	4,50,000	ACUITE AA-(Stable)	No migration of rating
Commercial paper issue	30,000	ACUITE A1+	No migration of rating

By ICRA Limited:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Subordinate debt	6,000	ICRA A (stable)	No migration of rating

By Care Ratings Limited:

(₹ In Lakhs)

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	5,00,000	CARE A+ (Stable)	No migration of rating
Commercial Papers issue	25,000	CARE A1+	No migration of rating
Non Convertible Debentures	50,000	CARE A+ (Stable)	No migration of rating
Market linked debenture	7,500	CARE PP-MLD A1+ Stable	No migration of rating
Market linked debenture	20,000	CARE PP-MLD A1+ Stable	No migration of rating
Subordinate debt	10,000	CARE A+ (Stable)	No migration of rating
Market linked debenture	20,000	CARE PP-MLD A1+ Stable	No migration of rating

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

55.14 Remuneration of directors

Refer note 36 to the standalone financial statements.

55.15 Management

The annual report has a detailed chapter on Management Discussion and Analysis.

55.16 Net profit or loss for the period, prior period items and change in accounting policies

The Company does not have any prior period items / change in accounting policies during the current year other than disclosed in financials.

55.17 Revenue recognition

Refer note 3.1 to the standalone financial statements.

55.18 Ind AS 110 - consolidated financial statements (CFS)

The Company has prepared Consolidated Financial Statements in accordance with the requirements of Ind AS 110 - Consolidated Financial Statements.

55.19 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 2022	As at 31 March 2021
Provision for depreciation on investment	52.69	2.52
Provision towards non performing assets (Stage 3 loan assets)	1,982.19	582.25
Provision made towards income tax	5,372.65	5,809.77
Provision towards standard assets (Stage 1 and 2 loan assets)	(1,884.42)	3,483.15

55.20 Draw down from reserves

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Draw down from reserves	-	-

55.21 Concentration of deposits (for deposit taking NBFCs)

Not Applicable

55.22 Concentration of advances

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Total advances to twenty largest borrowers	1,25,937.89	1,20,996.73
Percentage of advances to twenty largest borrowers to total advances of the NBFC	27.66%	31.80%

55.23 Concentration of exposures

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Total exposure to twenty largest borrowers / customers	1,36,070.67	1,27,510.83
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	29.59%	33.50%

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

55.24 Concentration of NPAs

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Total exposure to top four NPA accounts	767.51	498.45

55.25 Sector-wise NPAs

(₹ In Lakhs)

Sector	% of NPA to Total Advances in that sector as at 31 March 2022	% of NPA to Total Advances in that sector as at 31 March 2021
(i) Agriculture and allied activities	3.49%	2.32
(ii) MSME	4.66%	4.55
(iii) Corporate borrowers	0.14%	0.29
(iv) Services	6.46%	6.40
(v) Unsecured personal loans	5.66%	3.25
(vi) Auto loans	6.62%	3.39
(vii) Other personal loans	-	-

55.26 Movement of NPAs

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(i) Net NPAs to net advances (%)	1.34%	1.06%
(ii) Movement of NPAs (gross)		
(a) Opening balance	6,442.50	6,291.85
(b) Additions during the year	9,979.81	2,970.58
(c) Reductions during the year	5,932.91	2,819.93
(d) Closing balance	10,489.40	6,442.50
(iii) Movement of net NPAs		
(a) Opening balance	3,954.90	4,386.50
(b) Additions during the year	6,012.22	1,840.79
(c) Reductions during the year	3,947.52	2,272.39
(d) Closing balance	6,019.61	3,954.90
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	2,487.60	1,905.35
(b) Provisions made during the year	3,967.59	1,129.79
(c) Write-off / write-back of excess provisions	1,985.39	547.54
(d) Closing balance	4,469.79	2,487.60

55.27 Overseas assets (for those with joint ventures and subsidiaries abroad)

Nil

55.28 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Nil

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

55.29 Disclosure of customers complaints

		As at 31 March 2022	As at 31 March 2021
(a)	No. of complaints pending at the beginning of the year	0	0
(b)	No. of complaints received during the year	55	11
(c)	No. of complaints redressed during the year	54	11
(d)	No. of complaints pending at the end of the year	1	0

56. DISCLOSURES RELATING TO SECURITISATION AND TRANSFER OF LOAN EXPOSURE

The information of securitisation and transfer of loan exposure by the Company as required by RBI circular RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 and RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021 is as under:

(a) For Securitisation Transaction by originator (non-STC transaction)

(₹ In Lakhs)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	No of SPEs holding assets for securitisation transactions originated by the originator	1	-
2	Total amount of securitised assets as per books of the SPEs	5,003.21	-
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	499.10	-
	• Others	1,057.91	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	285.70	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-
5	Sale consideration received for the securitised assets;	8,922.41	-
	Gain/loss on sale on account of securitisation	-	-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
	Over collateralisation	1,057.91	-
	Excess Interest spread	285.70	-
	Cash collateral	499.10	-
7	Performance of facility provided		

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
	Over collateralisation		
	(a) Amount paid	1,057.91	-
	(b) Repayment received	-	-
	(c) Outstanding amount	1,057.91	-
	Excess Interest spread		
	(a) Amount paid	499.82	-
	(b) Repayment received	214.12	-
	(c) Outstanding amount	285.70	-
	Cash collateral		
	(a) Amount paid	499.10	-
	(b) Repayment received	-	-
	(c) Outstanding amount	499.10	-
8	Average default rate of portfolios observed in the past.		
	(a) loans to NBFCs	0.40%	-
9	Amount and number of additional/top up loan given on same underlying asset.	-	-
10	Investor complaints		
	(a) Directly/Indirectly received and;	-	-
	(b) Complaints outstanding	-	-

(b) For Securitisation Transaction by originator (STC transaction) - Not applicable

(c) Details of loans not in default transferred through assignment during the year ended 31 March 2022

(₹ In Lakhs)

Particulars	Year ended 31 March 2022
Aggregate principal outstanding of loans transferred (₹ in lakh)	1,32,939.72
Weighted average residual maturity (in months)	19
Weighted average holding period (in months)	6
Average retention of beneficial economic interest (MRR) (%)	13%
Average coverage of tangible security (%)	24%
Rating wise distribution of loans transferred	Unrated

(d) Details of loans not in default acquired through assignment during the year ended 31 March 2022

(₹ In Lakhs)

Particulars	Year ended 31 March 2022
Aggregate principal outstanding of loans acquired (₹ in lakh)	20,335.06
Weighted average residual maturity (in months)	26
Weighted average holding period (in months)	16
Average retention of beneficial economic interest (MRR) by originator (%)	10%
Average coverage of tangible security (%)	5%
Rating wise distribution of loans acquired	Unrated

(e) 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).

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

57. DISCLOSURE ON LIQUIDITY RISK PURSUANT TO RBI CIRCULAR DATED 4 NOVEMBER 2019 ON 'LIQUIDITY RISK MANAGEMENT FRAMEWORK FOR NON-BANKING FINANCIAL COMPANIES AND CORE INVESTMENT COMPANIES' IS AS FOLLOWS:

57.1 Funding concentration based on significant counterparty[1] (both deposits and borrowings)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Number of significant counterparties	19	17
Amount	3,63,039.34	3,02,053.27
Percentage of funding concentration to total deposits	Not Applicable	Not Applicable
Percentage of funding concentration to total liabiities[2]	76%	75%

[1] Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No. 102/ 03.10.001/ 2019-20 dated November 4, 2019 on 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies'.

[2] Total liabilities represents total liabilities as per balance sheet.

57.2 Top 20 large deposits

Not Applicable to the Company as it does not accept public deposits.

57.3 Top 10 borrowings

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Total amount of top 10 borrowings	2,87,933.36	2,56,590.17
Percentage of amount of top 10 borrowings to total borrowings	68%	78%

57.4 Funding concentration based on significant instrument/product[3]

(₹ In Lakhs)

Name of instrument/product	As at 31 March 2022	Percentage of total liabilities	As at 31 March 2021	Percentage of total liabilities
Term Loans	2,17,896.89	46%	1,45,854.60	36%
Cash credit / Overdraft / Working capital demand loan	1,52,080.72	32%	1,47,120.69	37%
Market linked Debenture	36,500.00	8%	6,500.00	2%
Subordinate-debentures	14,000.00	3%	6,000.00	1%
Securitisation	5,003.21	1%	-	0%
Non convertible debentures	-	0%	25,000.00	6%

[3] Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies'.

57.5 Stock ratio

(₹ In Lakhs)

		As at 31 March 2022	As at 31 March 2021
(i)	Commercial paper as a percentage of total public funds[4]	Not applicable	Not applicable
(ii)	Commercial paper as a percentage of total liabilities	Not applicable	Not applicable
(iii)	Commercial paper as a percentage of total assets	Not applicable	Not applicable
(iv)	Non convertible debentures (original maturity of less than one year) as a percentage of total public funds	Not applicable	Not applicable
(v)	Non convertible debentures (original maturity of less than one year) as a percentage of total liabilities	Not applicable	Not applicable
(vi)	Non convertible debentures(original maturity of less than one year) as a percentage of total assets	Not applicable	Not applicable
(vii)	Other short term liabilities* as a percentage of total public funds	63%	81%
(viii)	Other short term liabilities as a percentage of total liabilities	57%	67%
(ix)	Other short term liabilities as a percentage of total assets	44%	52%

[4] Public funds as defined in Master Direction - Non-Banking Financial Company -Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

* Excludes security deposits received from borrowers

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

57.6 Institutional set-up for liquidity risk management

Refer note 44.2 of the standalone financials statements.

Liquidity coverage ratio

(₹ In Lakhs)

Particulars		Quarter ended 30 June 2021		Quarter ended 30 September 2021		Quarter ended 31 December 2021		Quarter ended 31 March 2022	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)	21,984.44	21,984.44	12,035.69	12,035.69	10,149.04	10,149.04	11,241.05	11,241.05
	Cash Outflows								
2	Deposits (for deposit taking companies)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	Unsecured wholesale funding	-	-	-	-	-	-	-	-
4	Secured wholesale funding	7,387.03	8,495.09	9,148.66	10,520.96	10,504.84	12,080.57	14,470.93	16,641.57
5	Additional requirements, of which	-	-	-	-	-	-	-	-
	(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
	(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
	(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	18,116.33	20,833.78	7,594.19	8,733.32	5,748.21	6,610.44	5,820.90	6,694.04
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total cash outflows**	**25,503.37**	**29,328.87**	**16,742.85**	**19,254.27**	**16,253.05**	**18,691.01**	**20,291.84**	**23,335.61**
	Cash inflows								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	26,634.93	19,976.20	26,146.22	19,609.67	30,473.56	22,855.17	30,969.27	23,226.95
11	Other cash inflows	43,105.03	32,328.77	65,912.15	49,434.11	56,231.38	42,173.54	20,987.85	15,740.89
12	**Total cash inflows**	**69,739.96**	**52,304.97**	**92,058.37**	**69,043.78**	**86,704.94**	**65,028.70**	**51,957.12**	**38,967.84**

		Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value
13	Total HQLA	21,984.44	12,035.69	10,149.04	11,241.05
14	Total net cash outflows	7,332.22	4,813.57	4,672.75	5,833.90
15	Liquidity coverage ratio (%)	299.83%	250.04%	217.20%	192.68%

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

High Quality Liquid Assets (HQLA)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1 Assets to be included as HQLA without any haircut	21,984.44	21,984.44	12,035.69	12,035.69	10,149.04	10,149.04	11,241.05	11,241.05
2 Assets to be considered for HQLA with a minimum haircut of 15%	-	-	-	-	-	-	-	-
3 Assets to be considered for HQLA with a minimum haircut of 50%	-	-	-	-	-	-	-	-
4 Approved securities held as per the provisions of section 45 IB of RBI Act	-	-	-	-	-	-	-	-
Total HQLA	**21,984.44**	**21,984.44**	**12,035.69**	**12,035.69**	**10,149.04**	**10,149.04**	**11,241.05**	**11,241.05**

The Liquidity Coverage Ratio (LCR) was not applicable to the Company for the financial year 2020-21 as the asset size of the Company was less than ₹ 5,000 crores.

The LCR is one of the key parameters closely monitored by RBI to enable a more resilient financial sector. The objective of the LCR is to promote an environment wherein balance sheet carry a strong liquidity for short term cash flow requirements. To ensure strong liquidity NBFCs are required to maintain adequate pool of unencumbered High-Quality Liquid Assets (HQLA) which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the Asset Liability Committee (ALCO) under the governance of Board approved Liquidity Risk Framework and Asset Liability Management policy. The LCR levels for the balance sheet date is derived by arriving the stressed expected cash inflow and outflow for the next calendar month. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

HQLA primarily includes cash on hand, bank balances in current accounts.

The LCR is computed by dividing the stock of HQLA by its total net cash outflows over one-month stress period. LCR guidelines requires NBFCs to maintain minimum LCR of 50% as on 31 March 2022 which is gradually required to be increased to 100% by 1 December 2024.

58. DISCLOSURE IN ACCORDANCE WITH RBI NOTIFICATION NO. RBI/2020-21/17 DOR.NO.BP.BC/4/21.04.048/2020-21 DATED 6 AUGUST 2020 AND RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 DATED 5 MAY 2021 ARE AS FOLLOWS:

(₹ In Lakhs)

Amount recognised in the statement of profit and loss account	Year ended 31 March 2022	Year ended 31 March 2021
No. of accounts restructured*	424	425
Amount**	1,590.09	446.20

* Cumulative no. of accounts restructured having outstanding as on date

** Including MRR portion on assigned loans

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Disclosure of restructured accounts as required by the NBFC Master Directions issued by RBI

(₹ In Lakhs)

Type of Restructuring - others+		Asset classification				
		Standard	Sub-Standard	Doubtful	Loss	Total
Restructured Accounts as on 1 April of the FY (opening figures)	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon*	-	-	-	-	-
Fresh restructuring during the year	No. of borrowers	-	1	-	-	1
	Amount outstanding	-	26.40	-	-	26.40
	Provision thereon*	-	6.21	-	-	6.21
Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon*	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon*	-	-	-	-	-
Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon*	-	-	-	-	-
Write-offs / Settlements / Recoveries of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	(0.96)	-	-	(0.96)
	Provision thereon*	-	(1.36)	-	-	(1.36)
Restructured Accounts as on March 31 of the FY (closing figures)	No. of borrowers	-	1	-	-	1
	Amount outstanding	-	25.44	-	-	25.44
	Provision thereon*	-	4.85	-	-	4.85

'+ Since the disclosure of restructured advance account pertains to section 'Others', the first two sections, namely, 'Under CDR Mechanism' and 'Under SME Debt Restructuring Mechanism' as per format prescribed in the guidelines are not included above.

* Provisions considered as per ECL.

59. INFORMATION AS REQUIRED IN TERMS OF PARAGRAPH 19 OF THE RBI MASTER DIRECTION DNBR. PD. 008/03.10.119/2016-17 DATED 1 SEPTEMBER 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 :

59.1 Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid

(₹ In Lakhs)

			Year ended 31 March 2022	
			Amount outstanding	Amount overdue
(a)	Debentures	: Secured	38,482.47	-
		: Unsecured	14,017.67	-
	(other than falling within the meaning of Public deposits*)			
(b)	Deferred credits		-	-
(c)	Term loans		2,18,353.10	-
(d)	Inter-corporate loans and borrowing		-	-
(e)	Commercial paper		-	-
(f)	Other loans:			
	From banks		1,52,536.11	-

*Please see note 1 below

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

59.2 Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid)

(₹ In Lakhs)

(a) In the form of unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-

*Please see note 1 below

Assets side:

59.3 Break-up of loans and advances including bills receivables (other than those included In (4) below)

(₹ In Lakhs)

Particulars	Amount outstanding
(a) Secured	3,32,180.00
(b) Unsecured	1,23,230.90

59.4 Break up of leased assets and stock on hire and other assets counting towards asset financing activities

(₹ In Lakhs)

Particulars	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 asset financing activities	
(a) Loans where assets have been repossessed	178.54
(b) Loans other than (a) above	NA

59.5 Break-up of investments :

(₹ In Lakhs)

		Amount outstanding
Current investments :		
1 Quoted :		
(i) Shares :	(a) Equity	-
	(b) Preference	-
(ii) Debentures and bonds		4,113.03
(iii) Units of mutual funds		-
(iv) Government securities		-
(v) Others (please specify)		-
2 Unquoted :		
(i) Shares :	(a) Equity	-
	(b) Preference	-
(ii) Debentures and bonds		1,097.47
(iii) Units of mutual funds		-
(iv) Government securities		-
(v) Others (please specify)		-

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

			Amount outstanding
Long term investments :			
1	Quoted :		
	(i) Shares :	(a) Equity	-
		(b) Preference	-
	(ii) Debentures and bonds		26,017.87
	(iii) Units of mutual funds		463.25
	(iv) Government securities		-
	(v) Others (Alternate investment fund and pass through certificates)		17,684.26
2	Unquoted :		
	(i) Shares :	(a) Equity	2,220.83
		(b) Preference	2,264.53
	(ii) Debentures and bonds		-
	(iii) Units of mutual funds		-
	(iv) Government securities		-
	(v) Others (please specify)		-

59.6 Borrower group-wise classification of assets financed as in 59.3 and 59.4 above:

(₹ In Lakhs)

			Amount outstanding
Please see Note 2 below	Amount net of provisions		
Category	**Secured**	**Unsecured**	**Total**
1. Related parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	3,27,689.39	1,17,701.89	4,45,391.28
Total	**3,27,689.39**	**1,17,701.89**	**4,45,391.28**

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

Please see note 3 below

(₹ In Lakhs)

Category	Market value / break up or fair value or NAV	Book value (net of provisions)
1. Related parties **		
(a) Subsidiaries (refer note below)	4,984.34	4,485.36
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	49,320.66	49,320.66
Total	**54,305.00**	**53,806.02**

** As per Ind AS issued by Ministry Of Corporate Affairs (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 2022.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

59.8 Other information

(₹ In Lakhs)

	Amount outstanding
(i) Gross non-performing assets	
(a) Related parties	-
(b) Other than related parties	10,489.40
(ii) Net non-performing assets	
(a) Related parties	-
(b) Other than related parties	6,019.61
(iii) Assets acquired in satisfaction of debt	-

Notes:

1. As defined in point xxvii of paragraph 3 of Chapter - II of these Directions.
2. Provisioning norms shall be applicable as prescribed in these Directions.
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 (amortised cost in the case of Ind AS) or current (at fair value in the case of Ind AS) in (5) above.

60. DISCLOSURES AS REQUIRED IN TERMS OF RBI NOTIFICATION NO. DOR (NBFC).CC.PD.NO.109/22.10.106/2019-20 DATED 13 MARCH 2020 ON IMPLEMENTATION OF IND AS ARE MENTIONED AS BELOW :

As at 31 March 2022

(₹ In Lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms*	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	4,40,162.23	4,517.13	4,35,645.09	1,745.82	2,771.31
	Stage 2	9,053.00	1,029.43	8,023.57	168.29	861.14
Subtotal		**4,49,215.23**	**5,546.57**	**4,43,668.66**	**1,914.11**	**3,632.46**
Non-performing assets ("NPA")						
Substandard	Stage 3	10,489.40	4,469.79	6,019.61	1,079.14	3,390.65
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**10,489.40**	**4,469.79**	**6,019.61**	**1,079.14**	**3,390.65**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning ("IRACP") norms	Stage 1	4,500.00	3.26	4,496.74	-	3.26
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**4,500.00**	**3.26**	**4,496.74**	**-**	**3.26**
Total	Stage 1	4,44,662.23	4,520.39	4,40,141.84	1,745.82	2,774.57
	Stage 2	9,053.00	1,029.43	8,023.57	168.29	861.14
	Stage 3	10,489.40	4,469.79	6,019.61	1,079.14	3,390.65
Grand total		**4,64,204.63**	**10,019.62**	**4,54,185.01**	**2,993.25**	**7,026.37**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

As at 31 March 2021

(₹ In Lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms*	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	3,70,475.42	5,839.61	3,64,635.81	1,497.24	4,342.37
	Stage 2	7,926.39	1,594.45	6,331.94	30.92	1,563.53
Subtotal		**3,78,401.81**	**7,434.06**	**3,70,967.75**	**1,528.16**	**5,905.90**
Non-performing assets ("NPA")						
Substandard	Stage 3	6,442.50	2,487.60	3,954.90	722.03	1,765.57
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**-**	**-**	**-**	**-**	**-**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**6,442.50**	**2,487.60**	**3,954.90**	**722.03**	**1,765.57**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning ("IRACP") norms	Stage 1	135.00	0.18	134.82	-	0.18
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**135.00**	**0.18**	**134.82**	**-**	**0.18**
Total	Stage 1	3,70,610.42	5,839.79	3,64,770.63	1,497.24	4,342.55
	Stage 2	7,926.39	1,594.45	6,331.94	30.92	1,563.53
	Stage 3	6,442.50	2,487.60	3,954.90	722.03	1,765.57
Grand total		**3,84,979.31**	**9,921.84**	**3,75,057.47**	**2,250.19**	**7,671.65**

* Computed on the value as per the IRACP norms.

The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard assets provisioning), as at 31 March 2022 and 31 March 2021 and accordingly, no amount is required to be transferred to impairment reserve.

The disclosure requirement of the policy for sales out of amortised cost business model portfolios of the Company is not applicable to the Company.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

61. THE DISCLOSURES AS REQUIRED BY THE MASTER DIRECTION - MONITORING OF FRAUDS IN NBFCS ISSUED BY RBI DATED 29 SEPTEMBER 2016

There were no instances of frauds reported during the year ended 31 March 2022. (Previous year: 1 case amounting to ₹ 1,751.19 lakhs).

62. The Company has complied with the RBI circular dated 12 November 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications'. On 15 February 2022, RBI allowed deferment till 30 September 2022 of Para 10 of this circular pertaining to upgrade of Non performing accounts. However, the Company has not opted for this deferment.

63. Figures of previous year has been regrouped / reclassified, wherever necessary, to correspond with the figures of the current year.

In terms of our report of even date attached
For Mukesh M Shah & Co.
Chartered Accountants
Firm's Registration No: 106625W

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

Chandresh S. Shah
Partner
Membership No: 042132

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

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

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

Ankit Jain
Chief Financial Officer

Ahmedabad
4 May 2022

Ahmedabad
4 May 2022

Independent Auditors' Report

To the Members of MAS Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the accompanying Consolidated financial statements of MAS Financial Services Limited ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprises of the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards 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 together with the ethical requirements that are relevant to our audit of the Consolidated 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 by us and the other auditors in terms of their report referred to in other matters section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

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 year. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Impairment of Loans** **Charge: INR 105.83 Lakhs for the year ended 31st March, 2022** **Provision: INR 10,494.69 as at 31st March, 2022** Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.	**Principal Audit Procedures** Procedures performed by us have been enumerated herein below: We performed end to end process walkthroughs to identify the key systems, applications and controls used in ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in ECL process. Key aspects of our controls testing involved following: Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models.

Sr. No.	Key Audit Matter	Auditor's Response
	• Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. • Economic scenarios – Ind AS 109 requires the Group to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 38.91% of ECL balances as at 31 March, 2022. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the standalone financial statements, we have considered this as a key audit matter. **Disclosures:** The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	Testing the 'Governance Framework' controls over validation, implementation and model monitoring in line with Reserve Bank of India guidance. Testing the design and operating effectiveness of the key controls over the application of the staging criteria. Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. Testing management's controls over authorisation and calculation of post model adjustments and management overlays. Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. Testing key controls operating over the information technology system in relation to loan impairment including system access and system change management, program development and computer operations. **Test of Details:** Key aspects of our testing included: Sample testing over key inputs, data and assumptions impacting ECL calculations to assess completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. Model calculations testing through re-performance, where possible. Test of details of post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.
2	**Information Technology** **IT Systems and controls** The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.	In course of audit, our focus was on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. We performed a range of audit procedures, which included: • Review of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications,

Sr. No.	Key Audit Matter	Auditor's Response
	IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. Due to the pervasive nature of role of information technology systems in financial reporting, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.	operating systems and databases relied upon for financial reporting. • Our other processes include: o selectively recomputing interest calculations and maturity dates; o Selectively re-evaluating masters updation, interface with resultant reports; o Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system) o Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission o Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the consolidated financial statements, the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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, compare with the financial statements of the subsidiary audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary, is traced from their financial statements audited by the other auditors.

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 CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the Consolidated financial position, the Consolidated financial performance and the changes in equity and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards 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 the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, the respective Company's management and Board of Directors of the entities included in the Group is responsible for assessing the Group'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 the respective Board of Directors either intends to liquidate the Group 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 are also responsible for overseeing the financial reporting process of the Group.

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:

a) 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.

b) 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) 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 Group'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 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 to cease to continue as a going concern.

e) 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.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the holding and its subsidiary company to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entity 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 audit carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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 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

We did not audit the financial statements of subsidiary included in the Consolidated financial statements, whose financial statements reflect [the figures reported below are before giving effect to consolidation adjustments] total assets of ₹ 28,998.62 Lakhs as at March 31, 2022, total revenues of ₹ 3,583 Lakhs, total net profit after tax of ₹ 456.49 Lakhs, total comprehensive income of ₹ 437.07 Lakhs and net cash outflows amounting to ₹ 799.74 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion and conclusion on the statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the reports of the other auditors and the procedures performed by us as stated under Auditor's Responsibilities section above.

Our opinion on the consolidated financial statements above 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 reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary, 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 financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity 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 Indian Accounting Standards 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 March 31, 2022 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting with reference to the financial statements of the Holding Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate report in the Annexure -A, which is based on the auditors' reports of the Holding Company and its subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those Companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company or by subsidiary company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

   iv. (a) The respective managements of the Holding Company and its subsidiary, which are companies incorporated in India, whose financial statement have been audited under the Act, have represented to us and to the other auditors of such subsidiary, to the best of their knowledge and belief, other than as disclosed in the notes to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary or in any other person(s) or entity(ies), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Holding Company and its subsidiary, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiary, to the best of their knowledge and belief, other than as disclosed in the notes to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary, with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary shall, directly or indirectly, lend or invest in other person(s) or entity(ies) identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or the other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. As stated in consolidated financial statements,

a) The final dividend proposed in the previous year, declared and paid during the year by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable.

b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act, as applicable.

c) The Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members of the Holding Company at the ensuing Annual General Meeting. Such dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, based on our report and on the consideration of the report of the other auditors on the separate financial statements and the other information of the subsidiary company included in the consolidated financial statements of the Group, we report that there are no qualifications or adverse remarks in these CARO reports.

For **MUKESH M. SHAH & CO.,**
Chartered Accountants
Firm Registration No.: 106625W

Chandresh S. Shah
Partner
Membership No.: 042132
UDIN: 22042132AIQHSC8730

Place: Ahmedabad
Date: May 4, 2022

"Annexure A" to the Auditors' Report

Report on the Internal Financial Control clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of MAS Financial Services Limited (hereinafter referred to as "Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

MANAGEMENT RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, the Holding company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

OTHER MATTER

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to a subsidiary company, incorporated in India, is based solely on the corresponding reports of the auditors of such Company incorporated in India.

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

For **MUKESH M. SHAH & CO.,**
Chartered Accountants
Firm Registration No.: 106625W

Chandresh S. Shah
Partner
Membership No.: 042132
UDIN: 22042132AIQHSC8730

Place: Ahmedabad
Date: May 4, 2022

Consolidated Balance Sheet

as at 31 March 2022

(₹ in Lakhs)

	Note no.	As at 31 March 2022	As at 31 March 2021
ASSETS			
Financial assets			
Cash and cash equivalents	5	28,756.38	98,711.42
Bank balance other than cash and cash equivalents	6	58,310.10	3,219.70
Trade receivables	7	104.63	223.34
Loans	8	4,79,980.90	4,06,330.95
Investments	9	49,320.66	20,158.38
Other financial assets	10	5,552.34	4,974.08
Total financial assets		**6,22,025.01**	**5,33,617.87**
Non-financial assets			
Income tax assets (net)	30	623.33	592.40
Deferred tax assets (net)	30	2,516.38	2,256.16
Property, plant and equipment	11(a)	1,293.47	1,144.80
Capital work-in-progress	11(d)	5,204.40	5,002.73
Right-of-use asset	11(c)	60.92	53.82
Intangible assets under development	11(e)	3.57	-
Other intangible assets	11(b)	22.34	9.25
Other non-financial assets	12	421.89	286.04
Total non-financial assets		**10,146.30**	**9,345.20**
Total assets		**6,32,171.31**	**5,42,963.07**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	13		
(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		1,458.69	727.85
(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		155.43	100.92
Debt securities	14	36,203.05	31,411.52
Borrowings (other than debt securities)	15	3,93,997.42	3,13,866.80
Subordinated liabilities	16	13,721.55	5,996.55
Other financial liabilities	17	46,186.25	63,467.40
Total financial liabilities		**4,91,722.39**	**4,15,571.04**
Non-financial liabilities			
Current tax liabilities (net)	30	248.45	1,214.93
Provisions	18	716.51	396.97
Other non-financial liabilities	19	5,487.27	5,745.30
Total non-financial liabilities		**6,452.23**	**7,357.20**
Total liabilities		**4,98,174.62**	**4,22,928.24**
EQUITY			
Equity share capital	20	5,466.20	5,466.20
Other equity	21	1,26,285.68	1,12,521.87
Equity attributable to the owners of the Holding Company		**1,31,751.88**	**1,17,988.07**
Non-controlling interest		2,244.81	2,046.76
Total equity		**1,33,996.69**	**1,20,034.83**
Total liabilities and equity		**6,32,171.31**	**5,42,963.07**

The notes referred to above form an integral part of these financial statements

In terms of our report of even date attached
For Mukesh M Shah & Co.
Chartered Accountants
Firm's Registration No: 106625W

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

Chandresh S. Shah
Partner
Membership No: 042132

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

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

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

Ankit Jain
Chief Financial Officer

Ahmedabad
4 May 2022

Ahmedabad
4 May 2022

Consolidated Statement of Profit and Loss

for the year ended 31 March 2022

(₹ in Lakhs)

		Note no.	Year ended 31 March 2022	Year ended 31 March 2021
I.	**Revenue from operations**			
	Interest income	22	60,167.61	51,770.11
	Gain on assignment of financial assets (Refer note 32)		6,562.91	9,125.69
	Fees and commission income		1,814.30	1,813.78
	Net gain on fair value changes	23	472.55	29.90
	Total revenue from operations		**69,017.37**	**62,739.48**
	Other income	24	**93.40**	**31.75**
	Total income		**69,110.77**	**62,771.23**
II.	**Expenses**			
	Finance costs	25	33,868.41	28,493.54
	Fees and commission expense		2,309.41	624.36
	Impairment on financial assets	26	3,527.36	8,136.23
	Employee benefits expenses	27	4,778.95	3,503.32
	Depreciation, amortization and impairment	28	207.14	257.24
	Others expenses	29	2,771.19	2,159.63
	Total expenses		**47,462.46**	**43,174.32**
	Profit before exceptional items and tax (I - II)		21,648.31	19,596.91
	Exceptional items		-	-
III.	**Profit before tax**		**21,648.31**	**19,596.91**
IV.	**Tax expense:**			
	Current tax	30	5,583.11	5,935.17
	Excess provision for tax relating to prior years	30	(50.76)	(0.29)
	Net current tax expense		**5,532.35**	**5,934.88**
	Deferred tax expense / (credit)	30	1.08	(890.40)
	Net tax expense		**5,533.43**	**5,044.48**
V.	**Profit for the year (III - IV)**		**16,114.88**	**14,552.43**
VI.	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss:			
	Re-measurement of the defined benefit liabilities		(8.61)	75.21
	Income tax impact on above		2.17	(18.55)
	Total (A)		**(6.44)**	**56.66**
	(B) Items that will be reclassified to profit or loss:			
	Loans and advances through other comprehensive Income		(1,029.62)	960.33
	Income tax impact on above		259.14	(241.70)
	Total (B)		**(770.48)**	**718.63**
	Other comprehensive income (A+B)		**(776.92)**	**775.29**
VII.	**Total comprehensive income for the year (V + VI)**		**15,337.96**	**15,327.72**
VIII.	**Profit for the year attributable to**			
	Owners of the Holding Company		15,930.76	14,436.01
	Non-controlling interest		184.12	116.42
IX.	**Other comprehensive income attributable to**			
	Owners of the Holding Company		(769.09)	765.41
	Non-controlling interest		(7.83)	9.88
X.	**Total comprehensive income attributable to**			
	Owners of the Holding Company		15,161.67	15,201.42
	Non-controlling interest		176.29	126.30
XI.	**Earnings per equity share (of ₹ 10 each):**	31		
	Basic (₹)		29.14	26.41
	Diluted (₹)		29.14	26.41

See accompanying notes to the financial statements

In terms of our report of even date attached
For Mukesh M Shah & Co.
Chartered Accountants
Firm's Registration No: 106625W

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

Chandresh S. Shah
Partner
Membership No: 042132

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

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

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

Ankit Jain
Chief Financial Officer

Ahmedabad
4 May 2022

Ahmedabad
4 May 2022

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022

(A) EQUITY SHARE CAPITAL

(₹ in Lakhs)

Equity Share of ₹ 10 each issued, subscribed and fully paid	
Balance at 1 April 2020	5,466.20
Changes in Equity Share Capital due to prior period errors	-
Restated balance at 1 April 2020	**5,466.20**
Changes in equity share capital during the year	-
Balance at 31 March 2021	**5,466.20**
Changes in Equity Share Capital due to prior period errors	-
Restated balance at 31 March 2021	**5,466.20**
Changes in equity share capital during the year	-
Balance at 31 March 2022	**5,466.20**

(B) OTHER EQUITY

(₹ in Lakhs)

	Reserves and surplus					Other comprehensive income		Total
	Reserve u/s. 45-IC of RBI Act, 1934	Reserve fund u/s. 29-C of NHB Act, 1987	Equity component of compound financial instruments	Securities premium	Retained earnings	Equity instruments through OCI	Loans and advances through OCI	
Balance at 1 April 2020	**14,522.00**	**314.96**	**10.72**	**42,695.48**	**28,381.53**	**(0.22)**	**7,317.50**	**93,241.97**
Profit for the year	-	-	-	-	14,436.01	-	-	14,436.01
Re-measurement of defined benefit plans (net of taxes)	-	-	-	-	54.03	-	-	54.03
Other comprehensive income (net of taxes)	-	-	-	-	-	-	4,790.18	4,790.18
Dividend distribution tax on equity dividend	-	-	-	-	(0.32)	-	-	(0.32)
Transfer to reserve u/s. 45-IC of RBI Act, 1934	2,870.06	-	-	-	(2,870.06)	-	-	-
Transfer to reserve u/s. u/s. 29-C of NHB Act,1987	-	66.83	-	-	(66.83)	-	-	-
Balance at 31 March 2021	**17,392.06**	**381.79**	**10.72**	**42,695.48**	**39,934.36**	**(0.22)**	**12,107.68**	**1,12,521.87**
Profit for the year	-	-	-	-	15,930.76	-	-	15,930.76
Re-measurement of defined benefit plans (net of taxes)	-	-	-	-	(7.19)	-	-	(7.19)
Other comprehensive income (net of taxes)	-	-	-	-	-	-	(656.55)	(656.55)
Final Dividend on equity shares	-	-	-	-	(819.93)	-	-	(819.93)
Interim Dividend on equity shares	-	-	-	-	(683.28)	-	-	(683.28)
Transfer to reserve u/s. 45-IC of the RBI Act, 1934	3,156.53	-	-	-	(3,156.53)	-	-	-
Transfer to reserve u/s. 29-C of NHB Act,1987	-	87.29	-	-	(87.29)	-	-	-
Balance at 31 March 2022	**20,548.59**	**469.08**	**10.72**	**42,695.48**	**51,110.90**	**(0.22)**	**11,451.13**	**1,26,285.68**

In terms of our report of even date attached
For Mukesh M Shah & Co.
Chartered Accountants
Firm's Registration No: 106625W

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

Chandresh S. Shah
Partner
Membership No: 042132

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

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

Ankit Jain
Chief Financial Officer

Ahmedabad
4 May 2022

Ahmedabad
4 May 2022

Consolidated Statement of Cash Flows

for the year ended 31 March 2022

(₹ in Lakhs)

	Year ended 31 March 2022		Year ended 31 March 2021	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		21,648.31		19,596.91
Adjustments for :				
Depreciation and amortisation	207.14		257.24	
Finance cost	33,868.41		28,493.54	
Impairment on financial assets	3,527.36		8,136.23	
(Profit) / loss on sale of property, plant and equipment	(0.16)		1.16	
Interest income	(60,167.61)		(51,770.11)	
Net gain on fair value changes	(285.53)		-	
Net gain on sale of investments measured at amortized cost	(23.28)		-	
Gain on derecognition of leased asset	(0.07)		(2.83)	
		(22,873.74)		**(14,884.77)**
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(1,225.43)		4,712.14
Changes in working capital:				
Adjustments for (increase)/decrease in operating assets:				
Loans	(77,001.68)		(51,754.90)	
Trade receivables	118.71		(221.10)	
Advances received against loan agreements	797.27		(10,021.24)	
Bank balance other than cash and cash equivalents	(43.66)		21.16	
Other financial asset	(702.15)		(728.60)	
Other non-financial asset	(139.96)		106.99	
Adjustments for increase/(decrease) in operating liabilities:				
Trade payables	785.35		15.99	
Other financial liabilities	(17,662.88)		(17,634.32)	
Other non-financial liabilities	(258.03)		(4,107.50)	
Provisions (Also refer note 34)	319.54	(93,787.49)	349.75	(83,973.77)
CASH GENERATED FROM / (USED IN) OPERATIONS		**(95,012.92)**		**(79,261.63)**
Interest income received	55,186.76		55,094.90	
Interest income on Investment measured at amortised cost	1,586.06		42.02	
Finance cost paid	(35,465.24)		(28,596.83)	
Income tax paid (net)	(6,529.74)	**14,777.84**	(5,089.20)	**21,450.89**
NET CASH FLOW GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)		**(80,235.08)**		**(57,810.74)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipments and intangible assets, including capital advances	(533.63)		(201.41)	
Proceeds from sale of property, plant and equipments and intangible assets	0.39		0.10	
Change in Earmarked balances with banks and other free deposit	(55,046.74)		(3,048.26)	
Interest income from bank deposits	2,497.29		2,971.87	
Purchase of investments	(1,19,210.98)		(22,851.84)	
Redemption of investments	90,281.54		3,190.94	
Profit on redemption of long term investment	23.28		-	
NET CASH FLOW GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)		**(81,988.85)**		**(19,938.60)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from debt securities and borrowings	2,06,090.11		1,29,110.00	
Repayments of debt securities and borrowings	(1,18,200.15)		(79,972.01)	
Net increase in working capital borrowings	5,938.22		22,848.29	
Repayment of lease liabilities	(51.97)		(106.43)	
Dividends paid including dividend distribution tax	(1,507.32)		(4.65)	
NET CASH FLOW GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)		**92,268.89**		**71,875.20**

Consolidated Statement of Cash Flows (contd.)

for the year ended 31 March 2022

(₹ in Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(69,955.04)**	**(5,874.14)**
Cash and cash equivalents at the beginning of the year	**98,711.42**	**1,04,585.56**
Cash and cash equivalents at the end of the year (refer note 1 below)	**28,756.38**	**98,711.42**

Notes:

(₹ in Lakhs)

		As at 31 March 2022	As at 31 March 2021
1	Cash and bank balances at the end of the year comprises:		
	(a) Cash on hand	24.76	18.07
	(b) Balances with banks	25,035.14	51,169.78
	(c) Bank deposits with original maturity of 3 months or less	3,696.48	47,523.57
	Cash and cash equivalents as per the balance sheet	**28,756.38**	98,711.42

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 The Group as at 31 March 2022 has undrawn borrowing facilities amounting to ₹ 1,73,220.24 lakhs that may be available for future operating activities and to settle capital commitments.

4 Change in liabilities arising from financing activities

(₹ in Lakhs)

	31 March 2021	Cash flows	Non cash changes*	31 March 2022
Debt securities	31,411.52	5,000.00	(208.47)	36,203.05
Borrowings other than debt securities	3,13,866.80	80,828.18	(697.56)	3,93,997.42
Subordinated liabilities	5,996.55	8,000.00	(275.00)	13,721.55
Total liabilities from financing activities	**3,51,274.87**	**93,828.18**	**(1,181.03)**	**4,43,922.02**

	1 April 2020	Cash flows	Non cash changes*	31 March 2022
Debt securities	-	31,500.00	(88.48)	31,411.52
Borrowings (other than debt securities)	2,73,599.82	40,486.28	(219.30)	3,13,866.80
Subordinated liabilities	5,989.18	-	7.37	5,996.55
Total liabilities from financing activities	**2,79,589.00**	**71,986.28**	**(300.41)**	**3,51,274.87**

* Non-cash changes represents the effect of amortization of transaction cost.

The notes referred to above form an integral part of these financial statements

In terms of our report of even date attached
For Mukesh M Shah & Co.
Chartered Accountants
Firm's Registration No: 106625W

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

Chandresh S. Shah
Partner
Membership No: 042132

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

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

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

Ankit Jain
Chief Financial Officer

Ahmedabad
4 May 2022

Ahmedabad
4 May 2022

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022

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 and the National Stock Exchange of India Limited.

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

These consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act"), and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Group has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD. No.109/22. 10.106/2019-20 dated 13 March 2020.

Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Principles of consolidation

These consolidated financial statements are prepared on the following basis in accordance with Ind AS 110 on 'Consolidated Financial Statements' specified under Section 133 of the Act.

i) *Subsidiary -*

Subsidiary in an entity controlled by the Holding Company. 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 subsidiary 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 up to the same reporting date i.e. 31 March 2022. 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.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

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 2022	31 March 2021
MAS Rural Housing & Mortgage Finance Limited	Subsidiary company	India	MAS Financial Services Limited	59.67%	59.67%

2.2 Basis of measurement

The consolidated financial statements have been prepared on historical cost convention and on accrual basis, except for certain financial instruments which are measured at fair value as required by relevant Ind AS.

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"). Amounts in the consolidated financial statements are presented in lakhs rounded off to two decimal places as permitted by Schedule III to the Act, except when otherwise indicated.

2.4 Use of estimates, judgements and assumptions

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make judgments, 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.

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 ("COVID-19"):

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the accounting estimates. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of standalone financial statements.

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 consolidated 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.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

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 41.

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 ("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 ("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 the ECL models.

e) Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Group's lending portfolios.

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 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.

v) ***Provision for income tax and deferred tax assets***

The Group uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid / recovered for uncertain tax positions. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Group exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

vi) ***Defined Benefit Plans***

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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 39.

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.

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 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

All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

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), transaction costs are added to, or subtracted from this amount, except in the case of financial assets and financial liabilities recorded at FVTPL.

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.

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 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.

iii) Financial assets at FVTPL

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

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

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").

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

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the circumstances in which the Group changes in its business model for managing those financial assets.

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.

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 financial assets on account of direct assignment of loans, gain is recognized as “Unearned income on assigned loans” under the head other non-financial liabilities and amortized in the profit or loss over the underlying residual tenure of the assigned portfolio. Refer note 32 for details.

Further, 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.) Lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

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

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 increase in credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2.

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 3: Loans considered credit impaired are the loans which are past due for more than 90 days. Borrowers are also classified under stage 3 bucket under instances like fraud identification and legal proceeding. Further, stage 3 loan accounts are identified at customer level (i.e. a Stage 1 or 2 customer having other loans which are in Stage 3). The Group records an allowance for life time ECL.

There is a curing period with Stage 3 loan, where even if the DPD days are reduced by 90 days the same will not be upgraded to Stage 1 until the loan is 0 DPD.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Group 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

For retail loans

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, expected drawdowns on committed facilities and accrued interest. Further, the EAD for stage 3 retail loan is the outstanding exposure at the time loan is classified as Stage 3 for the first time"

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.

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS) % LGD = 1 – recovery rate

For retail asset channel ("RAC") and housing finance company ("HFC") loan portfolio

For RAC & HFC loan portfolio, the Group has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Group consists of various parameters based on which RAC & HFC loan portfolio is evaluated and credit rating is assigned accordingly.

The Group has developed its PD matrix based on the external benchmarking of various external reports, ratings & Basel norms. This PD matrix is calibrated with its historical data and major events on regular time interval in accordance with its ECL policy.

The LGD has been considered based on Basel-II Framework (International Regulatory Framework of Banks) for all the level of credit rating portfolio.

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 EAD and LGDs are reviewed. While at every year end, PDs 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%. Credit impairment loans are determined at borrower level.

Loan commitments: When estimating ECL for undrawn loan commitments, the Group estimates the amount sanctioned that will be disbursed after the reporting date. The ECL is then calculated using PD and LGD.

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Group's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognized.

Significant increase in credit risk

The Group monitors all financial assets, including loan commitments issued that are subject to impairment requirements, to assess whether there has been a significant increase in credit risk since initial recognition. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience that is available without undue cost or effort. However, when a financial asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is classified in Stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. Further, a stage 2 customer having other loans which are in stage 1 are considered to have significant increase in credit risk

Definition of default

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

Financial assets in default represent those that are at least 90 DPD in respect of principal or interest and/or where the assets are otherwise considered to be unlikely to pay, including those that are credit-impaired.

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. For this purpose, the Group has used the data source of Economist Intelligence Unit.

3.7 Write-offs

The gross carrying amount of a financial asset is written off when the chances of recoveries are remote. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

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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:

- 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 Group has access to at the measurement date. The Group 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

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

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

income, due diligence & evaluation changes and portfolio monitoring fees etc. are recognised on point in time basis.

3.9 (II) Recognition of other expense

A. Finance cost

Finance costs are the interest and other costs that the Group incurs in connection with the borrowing of funds. Interest expenses are computed based on effective interest rate method. Finance 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 finance 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. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the Group 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

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.

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.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date. Capital work-in-progress is stated at cost, net of impairment loss, if any.

3.12 Intangible assets

The Group'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 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 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.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as 'Intangible assets under development'.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

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 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

  Lease payments associated with short term leases or low value leases are recognised as an expense on a straight-line basis over the lease term.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

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.

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.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

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 comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. 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.

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

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.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

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.

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 the owners of the parent) 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.

3.20 Repossessed asset

In the normal course of business whenever default occurs, the Group may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle the outstanding debt.

3.21 Security Deposit

The security deposits received by the customers are in the nature of financial liabilities as defined under Ind AS – 32. The Group uses weighted average rate of borrowing as discount rate to arrives at fair valuation of security deposit. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

No new standards as notified by Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

5. CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Cash on hand	24.76	18.07
Balances with banks:		
In current / cash credit accounts (refer note 1 below)	25,035.14	51,169.78
Bank deposits with original maturity of 3 months or less (refer note 2 below)	3,696.48	47,523.57
Total cash and cash equivalents	**28,756.38**	**98,711.42**

Notes:

1. Balance amounting to ₹ 292.04 lakh represents balance with banks in earmarked account i.e. "unspent CSR account".
2. Represents bank deposits against overdraft facility as at 31 March 2022.

6. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
In current accounts (refer note 1 below)	10.73	28.27
Earmarked balances with banks:		
Unclaimed dividend bank balances (refer note 2 below)	63.03	1.83
In fixed deposit accounts:		
Deposits given as security against borrowings and other commitments	5,323.05	2,188.24
Bank deposits with original maturity of more than 3 months (refer note 3 below)	52,913.29	1,001.36
Total bank balance other than cash and cash equivalents	**58,310.10**	**3,219.70**

Notes:

1. Balance represents balance with banks in earmarked account i.e. 'collection and payout account'.
2. Balance amounting to ₹ 61.07 lakh was transferred to lien free "current account" after 31 March 2022 as it was available for free use.
3. Represents bank deposits against overdraft facility as at 31 March 2022.

7. TRADE RECEIVABLES

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Trade receivables considered good-secured	-	-
Trade receivables considered good-unsecured	104.63	223.34
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total bank balance other than cash and cash equivalents	**104.63**	**223.34**

Notes:

1. Impairment allowance recognised on trade receivables is ₹ Nil (Previous year: ₹ Nil).
2. There is no due by directors or other officers of the Group or any firm or private company in which any director is a partner, a director or a member.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Trade Receivables ageing schedule as at 31 March 2022

(₹ In Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	14.72	46.41	43.50	-	-	104.63
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables–considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

Trade Receivables ageing schedule as at 31 March 2021

(₹ In Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	223.34	-	-	-	-	223.34
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables– considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

8. LOANS

(₹ In Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	At fair value through OCI	At amortised cost	Total	At fair value through OCI	At amortised cost	Total
(A) (I) Bills Purchased and Bills Discounted	-	4,088.81	4,088.81	-	-	-
Less: Impairment loss allowance	-	(30.70)	(30.70)	-	-	-
Total (A) (I)-Net	**-**	**4,058.11**	**4,058.11**	**-**	**-**	**-**
(A) (II) Term Loans - Gross	**4,63,069.27**	**13,235.52**	**4,76,304.79**	**3,86,070.97**	**20,698.02**	**4,06,768.99**
Less: Impairment loss allowance	-	(382.00)	(382.00)	-	(438.04)	(438.04)
(A) (II) Term loans	**4,63,069.27**	**12,853.52**	**4,75,922.79**	**3,86,070.97**	**20,259.98**	**4,06,330.95**
Total (A)-Net	**4,63,069.27**	**16,911.63**	**4,79,980.90**	**3,86,070.97**	**20,259.98**	**4,06,330.95**
(B) (i) Secured by tangible assets	3,43,927.18	17,324.33	3,61,251.51	2,78,582.60	20,698.02	2,99,280.62
(ii) Unsecured	1,19,142.09	-	1,19,142.09	1,07,488.37	-	1,07,488.37
Total (B)-Gross	**4,63,069.27**	**17,324.33**	**4,80,393.60**	**3,86,070.97**	**20,698.02**	**4,06,768.99**
Less: Impairment loss allowance	-	(412.70)	(412.70)	-	(438.04)	(438.04)
Total (B)-Net	**4,63,069.27**	**16,911.63**	**4,79,980.90**	**3,86,070.97**	**20,259.98**	**4,06,330.95**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	At fair value through OCI	At amortised cost	Total	At fair value through OCI	At amortised cost	Total
(C) (I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Private Sector	4,63,069.27	17,324.33	4,80,393.60	3,86,070.97	20,698.02	4,06,768.99
Total (C)-Gross	**4,63,069.27**	**17,324.33**	**4,80,393.60**	**3,86,070.97**	**20,698.02**	**4,06,768.99**
Less: Impairment loss allowance	-	(412.70)	(412.70)	-	(438.04)	(438.04)
Total (C) (I) -Net	**4,63,069.27**	**16,911.63**	**4,79,980.90**	**3,86,070.97**	**20,259.98**	**4,06,330.95**
(C) (II) Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total (C) (II)- Net	-	-	-	-	-	-
Total C(I) and C(II)	**4,63,069.27**	**16,911.63**	**4,79,980.90**	**3,86,070.97**	**20,259.98**	**4,06,330.95**

Loans or advances in the nature of loans are granted to promoters, directors, KMPs, and the related parties, either severally or jointly with any other person

Particulars	As at 31 March 2022	% to the total Loans and Advances in the nature of loans	As at 31 March 2021	% to the total Loans and Advances in the nature of loans
Promoter	Nil	Nil	Nil	Nil
Directors	15.51	0.00%	18.11	0.00%
KMPs	Nil	Nil	Nil	Nil
Related parties	Nil	Nil	Nil	Nil

Notes:

1. Refer note no. 36(b) for loans to companies in which directors are interested.
2. The impairment on loans 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.

8.1 An analysis of changes in the gross carrying amount of loans is given below*

(₹ In Lakhs)

	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**3,95,184.48**	**9,555.51**	**6,540.89**	**4,11,280.88**	**3,52,437.13**	**9,648.94**	**6,384.58**	**3,68,470.65**
Changes in opening credit exposures (net of repayment and excluding write off)	(2,76,788.64)	(2,740.99)	(2,319.67)	(2,81,849.30)	(2,07,420.43)	(2,148.40)	(379.85)	(2,09,948.68)
New assets originated (net of repayment)**	3,54,587.75	2,380.19	1,782.55	3,58,750.49	2,55,330.03	883.63	128.08	2,56,341.74
Transfers from Stage 1	(9,837.96)	4,599.10	5,238.86	-	(8,479.75)	7,136.44	1,343.31	-
Transfers from Stage 2	277.30	(2,825.85)	2,548.55	-	4,880.90	(5,914.56)	1,033.66	-
Transfers from Stage 3	28.21	-	(28.21)	-	29.62	0.63	(30.25)	-
Amounts written off	(21.37)	(84.68)	(3,110.99)	(3,217.04)	(1,593.02)	(51.17)	(1,938.64)	(3,582.83)
Gross carrying amount closing balance	**4,63,429.77**	**10,883.28**	**10,651.98**	**4,84,965.03**	**3,95,184.48**	**9,555.51**	**6,540.89**	**4,11,280.88**

* The above classification also includes balance of spread receivable on assigned portfolio. (Refer note no. 10)

** New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

In accordance with the board approved moratorium policy read with RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Group had granted moratorium up to six months on the payment of installments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers.

The Honourable Supreme Court of India in a public interest litigation (Gajendra Sharma vs. Union of India & Anr), vide an interim order dated 3 September 2020 ('interim order'), has directed that no additional borrower accounts shall be classified as impaired ('non-performing assets' or 'NPA')which were not declared NPA till 31 August 2020, till further orders. Based on the said interim order, the Group has not classified any standard account as of 31 August 2020 as NPA after 31 August 2020. The Group has classified those accounts as stage 3 and provisioned accordingly for financial reporting purposes.

The interim order granted to not declare accounts as NPA stood vacated on 23 March 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors, and other connected matters, in accordance with the instructions in paragraph 5 of the RBI circular no. RB1/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated 7 April 2021 issued in this connection, the Group has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms and as per ECL model under Ind AS financial statements for the year ended 31 March 2021 and 31 March 2022.

8.2 Reconciliation of ECL balance is given below:

(₹ In Lakhs)

	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**5,977.70**	**1,894.16**	**2,516.95**	**10,388.81**	**2,287.71**	**1,949.70**	**1,936.03**	**6,173.44**
Changes in opening credit exposures (net of repayment and excluding write off)	(2,083.21)	(384.54)	(150.56)	(2,618.31)	1,356.14	(888.79)	303.93	771.28
New assets originated (net of repayment)	3,450.27	230.48	926.75	4,607.50	3,736.38	276.37	47.97	4,060.72
Transfers from Stage 1	(2,707.39)	692.71	2,014.69	0.01	(1,671.37)	1,141.09	530.28	-
Transfers from Stage 2	2.13	(1,076.37)	1,074.24	-	276.93	(561.10)	284.17	-
Transfers from Stage 3	0.24	-	(0.24)	-	0.64	-	(0.64)	-
Amounts written off	(0.52)	(19.08)	(1,863.72)	(1,883.32)	(8.73)	(23.11)	(584.79)	(616.63)
ECL allowance - closing balance	**4,639.22**	**1,337.36**	**4,518.11**	**10,494.69**	**5,977.70**	**1,894.16**	**2,516.95**	**10,388.81**

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 3,217.04 lakh at 31 March 2022 (31 March 2021 : ₹ 3,582.83 lakh).

The increase in ECL was driven by an increase in the gross amount of the portfolio, movements between stages as a result of increase in credit risk, change in probability of default and macro economic factors due to estimated impact of COVID-19 pandemic. The extent to which COVID-19 pandemic will impact current estimates of ECL is uncertain at this point of time. The Group has conducted a qualitative assessment and has considered forecasted macro economic factors and a higher probability of default to factor in the potential impact of COVID-19 on impairment allowances. For further details, refer note no. 43.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

8.3 Credit quality of loan assets

The table below shows the gross carrying amount of loans based on the Group's internal grading model and year-end stage classification of loans. The amounts presented are gross of impairment allowances. Details of the Group's internal grades are explained in note 43.1.

(₹ In Lakhs)

	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal grade								
Performing								
High quality assets	4,63,429.77	-	-	4,63,429.77	3,95,184.48	-	-	3,95,184.48
Quality assets	-	5,311.68	-	5,311.68	-	4,420.78	-	4,420.78
Standard assets	-	5,571.60	-	5,571.60	-	5,134.73	-	5,134.73
Non- performing								
Sub standard assets	-	-	5,160.65	5,160.65	-	-	2,721.61	2,721.61
Low quality assets	-	-	5,491.33	5,491.33	-	-	3,819.28	3,819.28
Total	**4,63,429.77**	**10,883.28**	**10,651.98**	**4,84,965.03**	**3,95,184.48**	**9,555.51**	**6,540.89**	**4,11,280.88**

9. INVESTMENTS

(₹ In Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	At amortised cost	At fair value through P&L	Total	At amortised cost	At fair value through P&L	Total
Investments						
Alternative investment funds	-	3,558.71	3,558.71	-	2,029.90	2,029.90
Pass through certificates under securitization transactions	14,125.55	-	14,125.55	6,564.03	-	6,564.03
Market linked debentures	-	26,296.65	26,296.65	-	11,566.97	11,566.97
Non - convertible debentures	4,931.71	-	4,931.71	-	-	-
Mutual fund units	-	463.25	463.25	-	-	-
Total – Gross (A)	**19,057.26**	**30,318.61**	**49,375.87**	**6,564.03**	**13,596.87**	**20,160.90**
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	19,057.26	30,318.61	49,375.87	6,564.03	13,596.87	20,160.90
Total (B)	**19,057.26**	**30,318.61**	**49,375.87**	**6,564.03**	**13,596.87**	**20,160.90**
Less: Allowance for impairment loss (C)	(55.21)	-	(55.21)	(2.52)	-	(2.52)
Total – Net D= (A)-(C)	**19,002.05**	**30,318.61**	**49,320.66**	**6,561.51**	**13,596.87**	**20,158.38**

10. OTHER FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Security deposits	99.77	81.50
Interest accrued but not due on investments	67.37	2.20
Spread receivable on assigned portfolio	4,571.43	4,511.89
Advances to dealer	813.77	-
Interest Waiver Receivable From Banks	-	15.87
Ex-gratia interest amount under GOI scheme (net of ECL)	-	362.62
Total other financial assets	**5,552.34**	**4,974.08**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(₹ In Lakhs)

Nature of assets	Property, plant and equipment (a)					Intangible assets (b)		
	Buildings	Office equipment	Furniture and fixtures	Vehicles	Total	Software	Other intangibles	Total
Cost								
As at 1 April 2020	**668.19**	**403.18**	**298.80**	**265.94**	**1,636.11**	**40.48**	**0.10**	**40.58**
Additions	-	16.89	-	-	16.89	3.13	-	3.13
Disposals	-	32.01	-	-	32.01	-	-	-
As at 31 March 2021	**668.19**	**388.06**	**298.80**	**265.94**	**1,620.99**	**43.61**	**0.10**	**43.71**
Additions	-	127.18	55.15	122.59	304.92	18.97	-	18.97
Disposals	-	0.70	-	-	0.70	-	-	-
As at 31 March 2022	**668.19**	**514.54**	**353.95**	**388.53**	**1,925.21**	**62.58**	**0.10**	**62.68**
Depreciation/amortisation								
As at 1 April 2020	**31.92**	**164.92**	**54.79**	**101.57**	**353.20**	**28.77**	**0.01**	**28.78**
Depreciation/amortization charge	11.44	71.29	30.57	40.44	153.74	5.67	0.01	5.68
Disposal	-	30.75	-	-	30.75	-	-	-
As at 31 March 2021	**43.36**	**205.46**	**85.36**	**142.01**	**476.19**	**34.44**	**0.02**	**34.46**
Depreciation/amortization charge	11.44	68.46	31.14	44.98	156.02	5.87	0.01	5.88
Disposal	-	0.47	-	-	0.47	-	-	-
As at 31 March 2022	**54.80**	**273.45**	**116.50**	**186.99**	**631.74**	**40.31**	**0.03**	**40.34**
Net block value:								
At 31 March 2021	624.83	182.60	213.44	123.93	1,144.80	9.17	0.08	9.25
At 31 March 2022	**613.39**	**241.09**	**237.45**	**201.54**	**1,293.47**	**22.27**	**0.07**	**22.34**

Note: No revaluation of any class of asset is carried out during the year.

11 (c) Right-of-use Asset

The details of the right-of-use asset held by the Group is as follows:

(₹ In Lakhs)

Office Premises	
As at 1 April 2020	290.83
Additions	-
Disposals	24.69
As at 31 March 2021	**266.14**
Additions	52.66
Disposals	0.58
As at 31 March 2022	**318.22**
Depreciation	
As at 1 April 2020	123.18
Additions	97.81
Disposals	8.67
As at 31 March 2021	**212.32**
Additions	45.24
Disposals	0.26
As at 31 March 2022	**257.30**
Net Block Value:	
As at 31 March 2021	53.82
As at 31 March 2022	**60.92**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

11 (d) CAPITAL WORK IN PROGRESS

Capital work in progress includes borrowing costs related to development of building amounted to ₹ 146.29 lakhs (31 March 2021: ₹ 181.39 lakhs). Finance costs are capitalised using rates based on specific borrowing rate i.e. 8.39%.

(₹ In Lakhs)

Capital work-in-progress	
As at 1 April 2020	4,821.34
Additions	181.39
Disposals	-
As at 31 March 2021	**5,002.73**
Additions	201.67
Disposals	-
As at 31 March 2022	**5,204.40**

Capital work in progress aging schedule

(₹ In Lakhs)

Capital work in progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
Projects in progress	201.67	181.39	256.92	4,564.42	5,204.40
Projects temporarily suspended	-	-	-	-	-
As at 31 March 2021					
Projects in progress	181.39	256.92	33.92	4,530.51	5,002.74
Projects temporarily suspended	-	-	-	-	-

Capital work in progress completion schedule

(₹ In Lakhs)

Capital work in progress	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
MAS headquarters	-	-	-	5,193.56	5,193.56
As at 31 March 2021					
MAS headquarters	-	-	-	5,002.73	5,002.73

11 (e) Intangible assets under development

(₹ In Lakhs)

Intangible assets under development	
As at 1 April 2020	-
Additions	-
Disposals	-
As at 31 March 2021	**-**
Additions	3.57
Disposals	-
As at 31 March 2022	**3.57**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Intangible assets under development aging schedule

(₹ In Lakhs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
Projects in progress	3.57	-	-	-	3.57
Projects temporarily suspended	-	-	-	-	-
As at 31 March 2021					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

12. OTHER NON-FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Prepaid expenses	139.32	10.32
Advances to employees	15.38	16.61
Re-possessed assets	178.54	176.00
Balance with Government Authorities	29.91	19.12
Capital advances	4.50	-
Gratuity fund [refer note 40(b)]	8.10	4.79
Other advances	46.14	59.20
Total	**421.89**	**286.04**

13. PAYABLES

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(a) 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	1,458.69	727.85
(b) 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	155.43	100.92
Total	**1,614.12**	**828.77**

Trade Payables aging schedule

(₹ In Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
(i) MSME	-	-	-	-	-
(ii) Others	1,256.22	178.73	22.46	1.28	1,458.69
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
As at 31 March 2021					
(i) MSME	-	-	-	-	-
(ii) Others	699.62	26.95	-	1.28	727.85
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Group from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(a) Dues remaining unpaid to any supplier at the year end		
- Principal	-	-
- Interest on above	-	-
(b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
(d) Amount of interest accrued and remaining unpaid	-	-
(e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

14. DEBT SECURITIES (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Secured debentures (refer note 14.1)		
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	10,000.00
- 500, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	5,000.00
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	10,000.00
Market Linked debenture	36,500.00	6,500.00
Less: Unamortised borrowing costs	(296.95)	(88.48)
Total	**36,203.05**	**31,411.52**
Debt securities in India	36,203.05	31,411.52
Debt securities outside India	-	-
Total	**36,203.05**	**31,411.52**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

14.1 Details of terms of redemption/repayment in respect of debt securities:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Debentures				
1000, 9.00% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	-	10,000.00	Coupon Rate: 9% p.a. Coupon Payment frequency: Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 years and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
500, 9.00% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	-	5,000.00	Coupon Rate: 9% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 years and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
1000, 9.00% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	-	10,000.00	Coupon Rate: 9% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 years and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	6,500.00	6,500.00	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Year	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	10,000.00	-	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Year and 6 Month	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	10,000.00	-	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Year and 1 day	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	10,000.00	-	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Year and 2 months	Secured by a first ranking exclusive Hypothecation charge over Assets
Total debentures	**36,500.00**	**31,500.00**		

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

15. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(a) Term loans (refer note no. 15.1)		
(i) from banks	1,98,984.55	1,29,733.83
(ii) from NHB	1,302.45	1,605.41
(iii) from other parties (financial institutions)	37,485.84	36,546.85
(b) Loans repayable on demand from banks-cash credit/overdraft (Refer note below)	26,586.90	34,346.53
(c) Short term loans		
(i) from banks	1,26,494.07	1,12,796.22
(d) Borrowing under securitisation	5,003.21	-
Less: Unamortised borrowing costs	(1,859.60)	(1,162.04)
Total	**3,93,997.42**	**3,13,866.80**
Secured	3,91,514.32	3,11,387.53
Unsecured	2,483.12	2,479.27
Total	**3,93,997.44**	**3,13,866.80**
Borrowings in India	3,93,997.44	3,13,866.80
Borrowings outside India	-	-
Total	**3,93,997.44**	**3,13,866.80**

Note:

For cash credit / Overdraft and short term loans

(a) Cash credit / short term loans from banks are secured by hypothecation of movable assets of the Group and goods covered under hypothecation ("HP") agreements / Loan cum HP agreements and 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, Mrs. Shweta Kamlesh Gandhi and Legal heirs of Late Mr. Mukesh Chimanlal Gandhi. Overdraft loans are secured against fixed deposits placed.

(b) Interest rate range

Interest rate ranges from 2.90% p.a to 11.00% p.a as at 31 March 2022.

Interest rate ranges from 7.65% p.a to 12.00% p.a as at 31 March 2021.

The Group has not defaulted in repayment of borrowings and interest.

The Group has borrowings from banks or financial institutions on the basis of security of current assets and the quarterly returns or statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of accounts of the Group.

The carrying amount of financial assets which is hypothecated against secured borrowing inclusive of margin requirement ranging from 1.00 times to 1.25 times is amounting to ₹ 4,81,497.41 lakhs (31 March 2020: ₹ 4,09,016.39 lakhs)

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

15.1 Details of terms of repayment in respect of term loans:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term loans from Bank (Refer note i)				
Term Loan - 1	1,600.00	2,400.00	Repayable in 12 Quarterly installments from 30 June 2021	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 2	9,166.67	-	Repayable in 12 Quarterly installments from 31 March 2022	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 3	-	0.58	Repayable in 20 Quarterly installments from 30 September 2016.	Secured by a first ranking and exclusive charge on standard receivables of the Holding Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 4	6,399.17	8,000.00	Repayable in 20 Quarterly installments from 30 June 2021.	Secured by a first ranking and exclusive charge on standard receivables of the Holding Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term loans - 5	13,500.00	-	Repayable in 20 Quarterly installments from 05 November 2021.	Exclusive charge by way of hypothecation of standard book debts/ receivables which are to be financed by the Holding company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 5	20,000.00	-	Repayable in 12 Quarterly installments from 30 June 2022.	Exclusive first charge on the specific loan portfolio of the Borrower by way of hypothecation on the loan installments receivables. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 7	3,500.00	-	Repayable in 36 monthly installments from 01 May 2022.	First Exclusive hypothecation charge on book debts created out of Bank Loan.
Term Loan - 8	9,497.65	-	Repayable in 20 Quarterly installments from 31 March 2022.	Exclusive charge by way of hypothecation of standard book debts/ receivables which are financed/ to be financed by the Holding company out of the proposed term loan to the company.
Term Loan - 9	5,454.57	7,500.00	Repayable in 33 monthly installments from 30 July 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 10	5,000.00	-	Repayable in 33 monthly installments from 30 July 2022.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 11	-	626.39	Repayable in 36 monthly installments from 7 August 2018.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 12	-	778.57	Repayable in 36 monthly installments from 7 September 2018.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 12	1,580.56	1,914.10	Repayable in 96 monthly installments from 7 April 2018.	First and exclusive charge on land, property and commercial property under construction.
Term Loan - 14	728.91	1,958.22	Repayable in 36 monthly installments from 7 November 2019.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 15	269.20	522.58	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 16	1,076.79	2,090.32	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 17	448.66	870.97	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 18	500.00	750.00	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 19	2,000.00	3,000.00	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 20	833.33	1,250.00	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 21	583.33	-	Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 22	2,333.33	-	Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 23	972.22	-	Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 24	687.54	-	Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 25	2,750.14	-	Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 26	1,145.89	-	Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 27	-	208.33	Repayable in 36 monthly installments from 31 July 2018.	First and exclusive charge by way of hypothecation on the Holding Company's book debts and loan installments receivables.
Term Loan - 28	2,666.67	4,000.00	Repayable in 36 monthly installments from 30 April 2021.	Secured by a first and exclusive charge on specific book debt and future receivables of the Holding Company created/to be created out of the loan availed.
Term Loan - 29	-	4,583.33	Repayable in 36 monthly installments from 30 April 2019.	First exclusive charge of present and future book debts and receivables of the Holding Company.
Term Loan - 30	-	2,536.36	Repayable in 11 Quarterly installments from 30 September 2019.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Holding Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 31	1,825.25	7,272.73	Repayable in 11 Quarterly installments from 30 December 2020.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Holding Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 32	7,784.85	10,000.00	Repayable in 18 Quarterly installments from 30 December 2021.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Holding Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 33	10,000.00	-	Repayable in 18 Quarterly installments from 24 September 2022.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Holding Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 34	5,000.00	-	Repayable in 10 Quarterly installments from 14 December 2022.	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 35	4,165.85	-	Repayable in 12 Quarterly installments from 16 December 2021.	Exclusive charge by way of Hypothecation of book debt/receivables arising out of bank financial assets of the borrower.
Term Loan - 36	-	166.67	Repayable in 36 monthly installments from 1 August 2018.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 37	416.67	1,250.00	Repayable in 12 Quarterly installments from 30 November 2019.	Exclusive charge on specific standard book debts and receivables which are financed / to be financed by the Holding Company out of the bank finance.
Term Loan - 38	750.00	3,750.00	Repayable in 8 Quarterly installments from 30 September 2020.	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 39	734.57	4,879.76	Repayable in 12 Quarterly installments from 31 March 2020.	Exclusive charge by way of hypothecation of such of the book debts, which are financed/ to be financed by the Holding Company out of the bank financed to the Company. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi.
Term Loan - 40	2,599.96	5,200.00	Repayable in 16 Quarterly installments from 30 September 2019.	Secured by Hypothecation of portfolio of the Holding Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 41	7,649.91	12,750.00	Repayable in 16 Quarterly installments from 29 February 2020.	Secured by Hypothecation of portfolio of the Holding Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loan - 42	1,500.00	2,000.00	Repayable in 16 Quarterly installments from 26 June 2021.	Exclusive charge by way of hypothecation on book debts under standard assets portfolio of the borrower eligible for Bank finance.
Term Loan - 43	11,043.60	15,489.46	Repayable in 18 Quarterly installments from 31 December 2020.	Exclusive charge by the way of hypothecation on specific receivables of the Holding Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 44	8,421.05	5,000.00	Repayable in 19 Quarterly installments from 30 September 2021.	Exclusive charge by the way of hypothecation on specific receivables of the Holding Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 45	-	3.83	Repayable in 36 monthly installments from 5 July 2018.	Secured by hypothecation of the vehicle financed.
Term Loan - 46	28,500.00	-	Repayable in 20 Quarterly installments from 31 March 2022.	Exclusive charge by the way of hypothecation on specific receivables of the Holding Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 47	-	250.00	Repayment in 8 Quarterly Instalments from 27 March 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary 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 & legal heirs of Mukesh Gandhi.
Term Loan - 48	-	1,515.63	Repayment in 8 Quarterly Instalments from 27 December 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary 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 & legal heirs of Mukesh Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 49	1,000.00	1,500.00	Repayment in 36 Monthly Instalments from 03 April 2021	The Term loan shall be secured by exclusive hypothecation of present & future loan receivables of the Subsidiary company created out of the loan. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 50	285.42	810.42	Repayment in 24 Quarterly Instalments starting from 31 March 2017	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 51	125.00	375.00	Repayment in 24 Quarterly Instalments starting from 31 March 2017	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 52	125.00	291.67	Repayment in 24 Quarterly Instalments beginning from 31 July 2016	Loan is secured by Hypothecationon receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 53	104.17	187.50	Repayment in 24 Quarterly Instalments starting from 30 June 2017	Loan is secured by Hypothecationon receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 54	250.00	416.67	Repayment in 24 Quarterly Instalments starting from 30 June 2017	Loan is secured by Hypothecationon receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 55	666.95	902.09	Repayment in 57 Monthly Instalments starting from 30 October 2020	Loan is secured by Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Subsidiary company out of the bank finance to the company. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 56	2,878.71	2,000.00	Repayment in 60 Monthly Instalments starting from 30 July 2021	Loan is secured by Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Subsidiary company out of the bank finance to the company. Personal Guarantee of Mr. Kamlesh Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 57	-	107.14	Repayment in 28 Quarterly Instalments from 30 April 2014	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 58	20.83	104.17	Repayment in 24 Quarterly Instalments beginning from 30 June 2016	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 59	540.90	713.35	Repayment in 24 Quarterly Instalments 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.
Term Loan - 60	290.02	419.71	Repayment in 24 Quarterly Instalments 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.
Term Loan - 61	702.32	965.13	Repayment in 24 Quarterly Instalments from 31 December 2020	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.
Term Loan - 62	1,185.93	1,510.74	Repayment in 24 Quarterly Instalments from 30 June 2021	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.
Term Loan - 63	-	831.13	Repayment in 10 Quarterly Instalments starting from 28 February 2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mrs Shweta Gandhi.
Term Loan - 64	1,311.77	1,914.84	Repayment in 26 Quarterly Instalments starting from 28 February 2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mrs Shweta Gandhi.
Term Loan - 65	-	37.50	Repayment in 24 Quarterly Instalments from 19 March 2016	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the Subsidiary company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mrs Shweta Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 66	-	87.43	Repayment in 24 Quarterly Instalments from 19 March 2016	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the Subsidiary company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mrs Shweta Gandhi.
Term Loan - 67	375.00	541.67	Repayment in 24 Quarterly Instalments from 31 March 2018	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary 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.
Term Loan - 68	-	166.52	Repayment in 36 monthly Instalments from 30 April 2018	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary 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.
Term Loan - 69	2,222.22	3,333.33	Repayment in 18 Quarterly Instalments from 30 June 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary 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.
Term Loan - 70	849.70	-	Repayment in 20 Quarterly Instalments from 25 September 2021	Exclusive charge by way of hypothecation of book debts, which are financed/ to be financed by the company out of the bank financed to the company Subsidiary Company should maintain 1.10 time security cover of outstanding amount of term loan on continuous basis during the tenure of term loan. Personal Guarantee of Mr. Kamlesh Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 71	2,000.00	-	Repayment in 10 Quarterly Instalments from 25 June 2022	Loan is secured by Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Subsidiary company out of the bank finance to the Subsidiary company. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 72	964.28	-	Repayment in 28 Quarterly Instalments from 31 March 2022	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the Subsidiary company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi.
Total term loans from banks	**1,98,984.55**	**1,29,733.83**		

Note (i):
Interest rate ranges from 7.80% p.a to 10.30% p.a as at 31 March 2022.
Interest rate ranges from 7.75% p.a to 10.75% p.a as at 31 March 2021.

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term loans from NHB (Refer note ii)				
Term Loan from NHB - 1	176.09	227.41	Repayment in 39 Quarterly Instalments from 01 July 2017	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 2	190.65	246.22	Repayment in 39 Quarterly Instalments from 01 October 2017	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 3	158.50	179.10	Repayment in 60 Quarterly Instalments from 01 October 2019	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 4	40.00	70.00	Repayment in 60 Quarterly Instalments from 01 October 2019	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 5	308.21	379.60	Repayment in 60 Quarterly Instalments from 01 July 2020	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan from NHB - 6	244.00	276.00	Repayment in 39 Quarterly Instalments from 01 October 2020	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 7	73.69	83.01	Repayment in 39 Quarterly Instalments from 31 July 2020	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 8	111.31	144.07	Repayment in 51 Quarterly Instalments from 01 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 Subsidiary Company. Corporate Guarantee of MAS Financial Services Ltd.
Total term loans from NHB	**1,302.45**	**1,605.41**		

Note (ii):

Interest rate ranges from 4.68% p.a to 8.90% p.a as at 31 March 2022.

Interest rate ranges from 4.68% p.a to 8.90% p.a as at 31 March 2021.

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term loans from others (Refer note iii)				
Term Loans from a Financial Institution - 1	-	1,053.62	Repayable in 36 monthly installments from 15 March 2019.	Exclusive charge by way of hypothecation of specific standard receivable of the Subsidiary Company.
Term Loans from a Financial Institution - 2	-	1,705.72	Repayable in 36 monthly installments from 10 March 2019.	Secured by hypothecation of specific book debts created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 3	-	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 Subsidiary Company created out of the loan availed.
Term Loans from a Financial Institution - 4	-	1,666.67	Repayable in 36 monthly installments from 30 April 2019.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Subsidiary Company created out of the loan availed.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loans from a Financial Institution - 5	763.89	1,597.22	Repayable in 36 monthly installments from 31 March 2020.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Subsidiary Company created out of the loan availed.
Term Loans from a Financial Institution - 6	1,983.33	3,116.67	Repayable in 36 monthly installments from 31 January 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Subsidiary Company created out of the loan availed.
Term Loans from a Financial Institution - 7	1,066.67	1,600.00	Repayable in 36 monthly installments from 30 April 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Subsidiary Company created out of the loan availed.
Term Loans from a Financial Institution - 8	2,500.00	2,500.00	Bullet Repayment on 17 August 2026.	N.A.
Term Loans from a Financial Institution - 9	4,166.67	-	Repayable in 36 monthly installments from 31 October 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Subsidiary Company created out of the loan availed.
Term Loans from a Financial Institution - 10	-	1,300.00	Repayable in 9 monthly installments from 10 August 2020.	Secured by exclusive first charge by way of hypothecation on standardbook debts of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 11	8,330.00	-	Repayable in 9 monthly installments from 10 January 2022.	Secured by exclusive first charge by way of hypothecation on standardbook debts of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi
Term Loans from a Financial Institution - 12	-	62.50	Repayable in 10 quarterly installments from 10 March 2020.	Exclusive first charge by way of hypothecation of book debts and receivables of secured loans provided by the Borrower. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 13	16,000.00	20,000.00	Repayable in 20 Quarterly installments from 30 June 2021.	Exclusive charge by way of hypothecation of the specific receivables/book debts. Liquid collateral of 10% of the sanctioned amount.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan from Financial Institutions - 1	194.44	527.78	Repayment in 36 Monthly Instalments starting from 30 November 2019	The Loan is secured by Exclusive first charge on the loan portfolio of the Borrower by way of hypothecation on the loan instalments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Financial Institutions - 2	583.33	916.67	Repayment in 36 Monthly Instalments starting from 31 January 2021	The Loan is secured by Exclusive first charge on the loan portfolio of the Borrower by way of hypothecation on the loan instalments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Financial Institutions - 3	1,897.51	-	Repayment in 60 Monthly Instalments starting from 15 January 2022	Exclusive charge on specific loan assets / book debts of the company assigned to TCFSL at a minimum cover of 1.10 times. Personal Guarantee of Mr. Kamlesh Gandhi.
Total term loans from others	**37,485.84**	**36,546.85**		

Note (iii):

Interest rate ranges from 5.75% p.a to 10.00% p.a as at 31 March 2022.

Interest rate ranges from 6.32% p.a to 11.15% p.a as at 31 March 2021.

Note:

The above table doesn't include associated liabilities to securitized asset that has been re-recognised due to non fulfilment of derecognition criteria as per Ind AS amounting to ₹ 5,003.21 lakh.

16. SUBORDINATED LIABILITIES (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Unsecured debentures (refer note no. 16.1)		
- 400, 14.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	4,000.00	4,000.00
- 200, 13.50% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	2,000.00
- 50, 10.75% Redeemable, Non-Convertible Debentures of ₹ 100,00,000 each	5,000.00	-
- 500, 10.75% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	5,000.00	-
Less: Unamortised borrowing costs	(278.45)	(3.45)
Total	**13,721.55**	**5,996.55**
Subordinated liabilities in India	13,721.55	5,996.55
Subordinated liabilities outside India	-	-
Total	**13,721.55**	**5,996.55**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

16.1 Details of terms of redemption/repayment in respect of subordinated liabilities:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Subordinated liabilities				
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each	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	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.
50, 10.75% unsecured, rated, listed, redeemable, subordinated, taxable, transferable, non-convertible debentures of ₹ 100 lakhs each	5,000.00	-	Coupon Rate: 10.75% p.a. Coupon Payment frequency : Monthly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 5 years and 7 months	N.A.
500, 10.75% unlisted, subordinated, unsecured, redeemable, non-convertible debentures of ₹ 10 lakhs each	5,000.00	-	Coupon Rate: 10.75% p.a. Coupon Payment frequency : Monthly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 6 years	N.A.
Total subordinated liabilities	**14,000.00**	**6,000.00**		

17. OTHER FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Interest accrued but not due on borrowings	2,950.78	2,210.84
Interest accrued but not due on others	1,423.34	2,579.07
Dues to the assignees towards collections from assigned receivables	12,979.62	26,223.67
Security deposits received from borrowers	27,628.98	32,027.41
Advances received against loan agreements	810.14	12.87
Unpaid dividend on equity shares	1.96	1.83
Dealer advances	228.61	266.90
Lease liability	66.44	66.14
Provision for Interest on Interest waiver	-	78.67
Other payable	96.38	-
Total other financial liabilities	**46,186.25**	**63,467.40**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

18. PROVISIONS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits (Refer note 40)		
Compensated absences	17.77	7.66
Provision for Gratuity	7.83	5.10
Provision for unspent CSR liability	690.91	384.21
Total provisions	**716.51**	**396.97**

19. OTHER NON-FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Statutory remittances	151.40	267.88
Unearned income on assigned loans	4,571.43	4,511.89
Income received in advance	764.44	965.53
Total other non-financial liabilities	**5,487.27**	**5,745.30**

20. EQUITY SHARE CAPITAL

(₹ In Lakhs)

		As at 31 March 2022	As at 31 March 2021
Authorized shares:			
6,40,00,000	Equity Shares of ₹ 10 each (As at 31 March 2021: 6,40,00,000 Equity Shares of ₹ 10 each)	6,400.00	6,400.00
2,20,00,000	0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2021: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
2,20,00,000	13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2021: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
400	9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each (As at 31 March 2021: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each)	400.00	400.00
		11,200.00	**11,200.00**
Issued, subscribed and fully paid-up shares:			
5,46,62,043	Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2021: 5,46,62,043 Equity Shares of ₹ 10 each)	5,466.20	5,466.20
		5,466.20	**5,466.20**

20.1Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Equity Shares				
Outstanding at the beginning of the year	5,46,62,043	5,466.20	5,46,62,043	5,466.20
Issued during the year	-	-	-	-
Outstanding at the end of the year	5,46,62,043	5,466.20	5,46,62,043	5,466.20

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

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

Class of shares / Name of shareholder	As at 31 March 2022		As at 31 March 2021	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Shweta Kamlesh Gandhi	1,63,38,450	29.89%	1,63,38,450	29.89%
Mukesh C. Gandhi (Refer note below)	1,61,56,814	29.56%	1,61,56,814	29.56%
Kamlesh C. Gandhi	62,86,833	11.50%	62,86,833	11.50%
Vistra ITCL I Ltd Business Excellence Trust III India Business	40,44,579	7.40%	40,44,579	7.40%
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund	27,64,059	5.06%	27,64,059	5.06%

Note: Mr. Mukesh C. Gandhi has passed away on 19 January 2021.

20.3 Details of bonus shares issued during the five years immediately preceding the balance sheet date:

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.

20.4 The Holding Company has not allotted any share pursuant to contracts without payment being received in cash nor has it bought back any shares during the preceding period of 5 financial years.

20.5 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.

20.6 Details of shares held by promoters (including promoter group) of the Holding Company:

Promoter and promoter group name	As at 31 March 2022		As at 31 March 2021		% Change during the year
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	
Equity shares					
Shweta Kamlesh Gandhi	1,63,38,450	29.89%	1,63,38,450	29.89%	0.00%
Mukesh C. Gandhi (Refer note above)	1,61,56,814	29.56%	1,61,56,814	29.56%	0.00%
Kamlesh C. Gandhi	63,04,508	11.53%	62,86,833	11.50%	0.28%
Prarthana Marketing Private Limited	13,12,557	2.40%	13,10,057	2.40%	0.19%
Anamaya Capital LLP	94,994	0.17%	94,994	0.17%	0.00%
Dhvanil K. Gandhi	34,619	0.06%	34,619	0.06%	0.00%
Dhriti K. Gandhi	12,054	0.02%	12,054	0.02%	0.00%

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

21. OTHER EQUITY (REFER NOTE 21.1)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Reserve under section 45-IC of Reserve Bank of India Act, 1934 (the "RBI Act, 1934")		
Outstanding at the beginning of the year	17,392.06	14,522.00
Additions during the year	3,156.53	2,870.06
Outstanding at the end of the year	**20,548.59**	**17,392.06**
Equity component of compound financial instruments- optionally convertible preference shares		
Outstanding at the beginning of the year	10.72	10.72
Add: Equity component of 6% OCPS issued during the period (net of tax)	-	-
Outstanding at the end of the year	**10.72**	**10.72**
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	379.99	313.16
c. **Total**	**381.79**	**314.96**
Addition / appropriation / withdrawal during the year		
Add:		
a. Amount transferred u/s 29C of the NHB Act	24.64	-
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	62.65	66.83
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	-	-
Closing balance		
a. Statutory reserve u/s 29C of NHB Act	26.44	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	442.64	379.99
c. **Total**	**469.08**	**381.79**
Securities premium		
Outstanding at the beginning of the year	42,695.48	42,695.48
Additions during the year	-	-
Outstanding at the end of the year	**42,695.48**	**42,695.48**
Retained earnings		
Outstanding at the beginning of the year	39,934.36	28,381.53
Profit for the year	15,930.76	14,436.01
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	(7.19)	54.03
	55,857.93	**42,871.57**
Appropriations:		
Transfer to reserve under section 45-IC of the RBI Act,1934	(3,156.53)	(2,870.06)
Reserve u/s.29C of NHB Act and special reserve u/s 36(1)(viii) of Income-tax Act, 1961	(87.29)	(66.83)
Final dividend on equity shares	(819.93)	-
Interim dividend on equity shares	(683.28)	-
Dividend Distribution Tax ("DDT") on final equity dividend	-	(0.32)
Total appropriations	**(4,747.03)**	**(2,937.21)**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Retained earnings	**51,110.90**	**39,934.36**
Other comprehensive income		
Outstanding at the beginning of the year	12,107.46	7,317.28
Loans and advances through other comprehensive Income	(1,018.15)	950.63
Impairment on loans and advances through OCI	105.35	4,078.81
Income tax relating to items that will be reclassified to profit or loss	256.25	(239.26)
Other comprehensive income for the year, net of tax	**11,450.91**	**12,107.46**
Total other equity	**1,26,285.68**	**1,12,521.87**

21.1 Nature and purpose of reserve

1 Reserve u/s. 45-IC of the RBI Act, 1934

Reserve u/s. 45-IC 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 termsof 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 OCPS of subsidiary company.

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 Retained earnings

Retained earnings 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.

The Group recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings with separate disclosure, which comprises of:

i) actuarial gains and losses;

ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

6 Other comprehensive income

On equity investments

The Holding Company has elected to recognise changes in the fair value ofinvestments in equity securities in OCI. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from these reserves to retained earnings when the relevant equity securities are derecognised.

On loans and advances

The Group recognises changes in the fair value ofloans and advances in OCI. These changes are accumulated within the FVOCI - loans and advances reserve within equity. The Group transfers amounts from these reserves to retained earnings when the loans and advances are sold. Further, impairment loss allowances on the loans measured at FVOCI are recognised in OCI.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

21.2 Equity dividend paid and proposed

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Declared and paid during the year		
Dividends on equity shares:		
Final dividend for 31 March 2021: ₹ 1.5 per share (31 March 2020: ₹ Nil per share)	819.93	-
Interim dividend for 31 March 2022: ₹ 1.25 per share (31 March 2021 : ₹ Nil per share)	683.28	-
Total dividend paid	**1,503.21**	**-**

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Proposed for approval at Annual General Meeting (not recognised as a liability)		
Dividend on equity shares:		
Final dividend for 31 March 2022: ₹ 1.75 per share (31 March 2021: ₹ 1.5 per share)	956.59	819.93

22. INTEREST INCOME

(₹ In Lakhs)

	Year ended 31 March 2022				Year ended 31 March 2021			
	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	On Financial Assets classified at fair value through profit or loss	Total
Interest on loans	52,411.80	2,402.27	-	54,814.07	44,301.59	2,992.18	-	47,293.77
Interest income from investments	-	1,121.39	529.84	1,651.23	-	41.45	-	41.45
Interest on deposits with banks	-	2,497.29	-	2,497.29	-	2,971.87	-	2,971.87
Other interest income	292.76	912.26	-	1,205.02	586.96	876.06	-	1,463.02
Total	**52,704.56**	**6,933.21**	**529.84**	**60,167.61**	**44,888.55**	**6,881.56**	**-**	**51,770.11**

23. NET GAIN ON FAIR VALUE CHANGES

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Net gain on financial instruments at fair value through profit or loss - Investments	472.55	29.90
Fair value changes:		
- Realised	187.02	29.90
- Unrealised	285.53	-
Total	**472.55**	**29.90**

24. OTHER INCOME

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Net loss on derecognition of property, plant and equipment	0.16	(1.16)
Net gain on sale of investments measured at amortized cost	23.28	-
Gain on derecognition of leased asset	0.07	2.83
Income from non-financing activity	69.89	30.08
Total	**93.40**	**31.75**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

25. FINANCE COST (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Interest on borrowings	24,223.73	21,389.61
Interest on debt securities	3,887.83	1,478.89
Interest on subordinated liabilities	1,019.79	790.00
Other interest expense	2,963.62	3,548.28
Other borrowing cost	1,768.00	1,274.52
Lease liability interest obligation	5.44	12.24
Total	**33,868.41**	**28,493.54**

26. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Loans		
- Expected credit loss (On financial instruments measured at FVOCI)	131.17	4,087.92
- Expected credit loss (On financial instruments measured at amortised cost)	(25.34)	127.50
- Write off (net of recoveries)	3,120.24	3,566.87
- Loss on sale of repossessed assets	248.60	351.42
Investments		
- Expected credit loss (On financial instruments measured at amortised cost)	52.69	2.52
Total	**3,527.36**	**8,136.23**

27. EMPLOYEE BENEFITS EXPENSE

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and wages	4,488.42	3,227.38
Contribution to provident fund and other funds	180.55	182.57
Gratuity expense (Refer note 40)	54.32	58.12
Staff welfare expenses	55.66	35.25
Total	**4,778.95**	**3,503.32**

28. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on property, plant and equipment	156.02	153.75
Amortisation of intangible assets	5.88	5.68
Right-of-use asset depreciation	45.24	97.81
Total	**207.14**	**257.24**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

29. OTHER EXPENSES

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Rent	272.48	172.35
Rates and taxes	19.66	18.59
Stationery and printing	69.98	46.56
Telephone	61.09	60.71
Electricity	75.60	60.19
Postage and courier	74.59	42.64
Insurance	75.69	102.09
Conveyance	118.24	70.36
Travelling	171.70	55.83
Repairs and maintenance:		
Building	19.70	1.27
Others	147.47	72.32
Professional fees	596.55	504.41
Payment to auditors(refer note below)	52.65	66.47
Director's sitting fees	11.72	12.26
Legal expenses	56.83	49.99
Bank charges	142.61	147.39
Advertisement expenses	82.88	26.02
Sales promotion expenses	18.47	2.36
Recovery contract charges	39.49	47.97
Corporate social responsibility expenditure (Refer note 34)	440.87	417.64
Miscellaneous expenses	222.92	182.21
Total	**2,771.19**	**2,159.63**
Note: Payment to auditors (including taxes)		
As auditor		
Statutory audit	19.31	26.32
Limited review of quarterly results	23.81	29.43
Other services	7.57	10.53
Reimbursements of expenses	1.96	0.19
	52.65	**66.47**

30. TAX EXPENSES

The components of income tax expense for the year ended 31 March 2022 and 31 March 2021 are:

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Current tax	5,583.11	5,935.17
Adjustment in respect of current income tax of prior years	(50.76)	(0.29)
Deferred tax	1.08	(890.40)
Total tax charge	**5,533.43**	**5,044.48**
Current tax	5,532.35	5,934.88
Deferred tax	1.08	(890.40)

30.1 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 2022 and 31 March 2021 is, as follows:

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Accounting profit before tax	21,648.31	19,596.91
Applicable tax rate	25.168%	25.168%
Computed tax expense	5,448.45	4,932.15
Tax effect of :		
Exempted income	(20.70)	(0.88)
Additional deduction	(25.64)	(15.44)
Non deductible items	200.53	115.87
Adjustment in respect of current income tax of prior years	(50.76)	(0.29)
Others	(18.45)	13.07
Tax expenses recognised in the statement of profit and loss	**5,533.43**	**5,044.48**
Effective tax rate	25.56%	25.74%

30.2 Deferred tax

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Deferred tax asset/ liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	2,256.16	1,626.01
Credit / (charge) for loans and advances through OCI	259.14	(241.70)
Credit / (charge) for remeasurement of the defined benefit liabilities	2.17	(18.55)
Credit / (charge) to the statement of profit and loss	(1.08)	890.40
At the end of year DTA / (DTL)	**2,516.39**	**2,256.16**

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 2021	Statement of profit and loss	OCI	As at 31 March 2022
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	(35.36)	(4.48)	-	(39.84)
Impact of fair value of assets	(365.55)	-	259.14	(106.41)
Income taxable on realised basis	20.13	(5.63)	-	14.50
Deferred tax on prepaid finance charges	9.10	(24.62)	-	(15.52)
Impairment on financial assets	2,615.31	39.89	-	2,655.20
Recognition of lease asset and right to use asset	4.31	(1.71)	-	2.60
Expenses allowable on payment basis	8.22	(4.53)	2.17	5.86
Total	**2,256.16**	**(1.08)**	**261.31**	**2,516.39**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 1 April 2020	Statement of profit and loss	OCI	As at 31 March 2021
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	(35.15)	(0.21)	-	(35.36)
Impact of fair value of assets	(123.85)	-	(241.70)	(365.55)
Income taxable on realised basis	201.05	(180.92)	-	20.13
Deferred tax on prepaid finance charges	5.36	3.74	-	9.10
Impairment on financial assets	1,553.83	1,061.48	-	2,615.31
Recognition of lease asset and right to use asset	7.19	(2.88)	-	4.31
Expenses allowable on payment basis	17.58	9.19	(18.55)	8.22
Total	**1,626.01**	**890.40**	**(260.25)**	**2,256.16**

30.3 Current tax liabilities

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Provision for tax [net of advance tax of ₹ 5,334.66 lakhs (31 March 2021 ₹ 4,720.24 lakhs)]	248.45	1,214.93

30.4 Income tax assets

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Income tax assets [net of provision for tax of ₹ 28,103.86 lakhs (31 March 2021 ₹ 22,294.09 lakhs)]	623.33	592.40

31. EARNINGS PER SHARE

(A) Basic earnings per share

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Net profit for the year attributable to the owners of the Holding Company (basic)	15,930.76	14,436.01
Weighted average number of equity shares of ₹ 10 each	5,46,62,043	5,46,62,043
Basic earnings per share of face value of ₹ 10 each (in ₹)	29.14	26.41

(B) Diluted earnings per share

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Net profit for the year attributable to the owners of the Holding Company (diluted)	15,930.76	14,436.01
Weighted average number of equity shares of ₹ 10 each	5,46,62,043	5,46,62,043
Diluted earnings per share of face value of ₹ 10 each (in ₹)	29.14	26.41

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

32. AMORTISING THE GAIN ON ASSIGNMENT OF FINANCIAL ASSETS OVER THE RESIDUAL TENURE INSTEAD OF BOOKING UPFRONT:

Disclosure requirement as per para 20 of Ind AS 1 'Presentation of Financial Statements' is as follows:

On derecognition of loans in its entirety upon assignment, as per Ind AS 109 'Financial Instruments', the Group is required to recognise the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including new asset obtained less any new liability assumed) as gain immediately in the statement of profit or loss.

The Group is of view that the accounting treatment prescribed in Ind AS 109 inflates the income at the time of assignment and leads to reporting higher earnings per share, potentially higher dividend pay-out and improved capital adequacy ratio and will not present true and fair view of the entity's financial position, financial performance and cash flows. Therefore, the management of the Group has exercised their judgement under para 19 of Ind AS 1 and has departed from the aforementioned requirement of Ind AS 109. The Group is complying with the applicable Ind AS except for the particular requirement of Ind AS 109 as mentioned above.

As per current practice, such gains are recognised as 'unearned income on assigned loans' under the head 'other non-financial liabilities' and is amortised in the statement of profit and loss over the period of the underlying residual tenure of the assigned loan portfolio while related assets and liabilities are recorded at the fair value as per Ind AS requirement.

If the Group had complied with Ind AS 109, the financial impact on the following items [Increase / (decrease)] in the financial statements would have been as under:

(A) Impact on Statement of Profit and Loss items:

(₹ In Lakhs)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Gain on assignment of financial assets	59.55	(3,461.49)
Profit before tax	59.55	(3,461.49)
Deferred tax expense / (Credit)	14.99	(871.19)
Profit after tax	44.56	(2,590.30)
Profit after tax attributable to Owners of the Parent	26.59	(1,545.52)
Profit after tax attributable to Non-controlling interest	17.97	(1,044.78)
Basic / Diluted EPS (₹)	0.05	(2.83)

(B) Impact on Balance Sheet items:

(₹ In Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Other equity	3,363.95	3,319.53
Other non-financial liabilities	(4,571.43)	(4,511.89)
Deferred tax asset	(1,105.40)	(1,139.10)
Non Controlling Interest	102.08	53.26

Further, NBFC industry body Finance Industry Development Council which is represented by more than 100 NBFCs is also of the same view.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

33. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ In Lakhs)

		As at 31 March 2022	As at 31 March 2021
(A)	**Commitments**		
I)	Estimated amount of contracts remaining to be executed on capital account and not provided for:		
	Property, plant & equipment and Capital work in progress	138.00	-
II)	Loan commitments for sanctioned but not disbursed amount	5,165.25	557.85

The Group's pending litigations comprise of proceedings pending with Income Tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

34. CORPORATE SOCIAL RESPONSIBILITY ("CSR") EXPENSES:

The average profit before tax of the Holding Company for the last three financial years was ₹ 22,043.33 lakhs, basis which the Holding Company was required to spend ₹ 440.87 lakhs towards CSR activities for the current financial year (31 March 2021: ₹ 417.64 lakhs).

a) Amount spent during the year on:

(₹ In Lakhs)

Particulars	31 March 2022			31 March 2021		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purpose other than above	42.00	398.87	440.87	33.43	384.21	417.64

b) The Holding Company has not made any transaction with related parties in relation to CSR expenditure as per Ind AS 24.

c) In case of Section 135(6): Details of ongoing projects

(₹ In Lakhs)

F. Y.	Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
	With Holding Company	In Separate CSR		From Holding Company's bank A/c	From Separate CSR Unspent A/c	With Holding Company	In Separate CSR Unspent A/c
2021-22	-	384.21	440.87	42.00	92.17	398.87	292.04
2020-21	Nil	N.A.	417.64	33.43	-	384.21	-

Note: Unspent CSR amount of ₹ 384.21 lakhs for FY 2020-21 was deposited in unspent CSR bank account on 28 April 2021. Unspent amount of ₹ 398.87 lakhs available with the Holding Company shall be transferred to an unspent CSR account by end of 30 April 2022.

d) Reason for shortfall: The Holding Company has ongoing projects and it is spending the said amount as per pre-approved ongoing projects. For more details, refer annexure of Director's report on CSR.

e) Nature of CSR activities: Promoting education, eradicating hunger, poverty & malnutrition, promoting health care and such other activities. For more details, refer annexure of Director's report on CSR.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

35. 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'.

36. 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 ("KMP")	Mr. Kamlesh C. Gandhi (Chairman and managing director)
	(where there are transactions)	Mr. Mukesh C. Gandhi (Whole time director and chief financial officer) (till 19 January 2021)
		Mrs. Darshana S. Pandya (Director and chief executive officer)
		Mr. Bala Bhaskaran (Independent director)
		Mr. Umesh Shah (Independent director)
		Mr. Chetanbhai Shah (Independent director)
		Mrs. Daksha Shah (Independent director)
2	Other related parties	Prarthna Marketing Private Limited
	(where there are transactions)	Anamaya Capital LLP
		Mrs. Shweta K. Gandhi (relative of KMP)
		Mr. Dhvanil K. Gandhi (relative of KMP)
		Mr. Saumil D. Pandya (relative of KMP)
		Ms. Dhriti K. Gandhi (relative of KMP)
		Mrs. Pauravi Umesh Shah (relative of KMP)
		Umesh Rajanikant Shah HUF

Transactions with related parties are as follows:

	Year ended 31 March 2022		
	Key management personnel	Other related parties	Total
Remuneration (including bonus)	414.94	78.67	493.61
Dividend paid	620.86	490.62	1,111.48
Sitting fees	10.20	-	10.20

	Year ended 31 March 2021		
	Key management personnel	Other related parties	Total
Remuneration (including bonus)	39.56	64.70	104.26
Dividend paid	3.13	0.98	4.11
Sitting fees	10.70	-	10.70

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Balances outstanding from related parties are as follows:

	As at 31 March 2022		
	Key management personnel	Other related parties	Total
Loans and advances given	15.51	-	15.51
Bonus payable	22.70	2.10	24.80

	As at 31 March 2021		
	Key management personnel	Other related parties	Total
Loans and advances given	18.11	-	18.11
Bonus payable	1.20	1.92	3.12

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 2022	Year ended 31 March 2021
Post-employment benefits	1.23	2.68
Other long term employment benefits	4.46	0.38
	5.69	**3.06**

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 the 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 2022	Maximum balance out-standing during the year ended 31 March 2022	As at 31 March 2021	Maximum balance out-standing during the year ended 31 March 2021
1	M Power Micro Finance Private Limited	-	-	-	1,305.11

* The director interested in M Power Micro Finance Private Limited redeemed his holding on 23 October 2020 and hence, the disclosures made are of maximum balance outstanding up to that date.

37. 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 2022 and 31 March 2021. The column 'net amount' shows the impact of Group's balance sheet if all the set-off rights were exercised.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ 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	Advances received against loan agreements (refer note 1)	Financial instrument collateral (refer note 2)	Net amount
31 March 2022						
Loans and advances	4,80,617.20	636.30	4,79,980.90	9.65	29,047.83	4,50,923.42
31 March 2021						
Loans and advances	4,09,304.28	2,973.33	4,06,330.95	12.87	32,027.41	3,74,290.67

Note:

1. ₹ 645.94 lakhs (31 March 2021: ₹ 2,986.20 lakhs) represents advances received against loan agreements.
2. ₹ 29,047.83 lakhs (31 March 2021: ₹ 32,027.41 lakhs) represents security deposits received from borrowers.

38. 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 2022

(₹ 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 consolidated OCI	Amount	As % of consolidated TCI	Amount
Holding Company								
MAS Financial Services Limited	94.30%	1,26,363.80	96.49%	15,549.13	97.50%	(757.51)	96.44%	14,791.62
Subsidiary								
MAS Rural Housing & Mortgage Finance Limited	4.02%	5,388.08	2.37%	381.63	1.49%	(11.58)	2.41%	370.05
Non-controlling interest	1.68%	2,244.81	1.14%	184.12	1.01%	(7.83)	1.15%	176.29
Total	**100.00%**	**1,33,996.69**	**100.00%**	**16,114.88**	**100.00%**	**(776.92)**	**100.00%**	**15,337.96**

As at 31 March 2021

(₹ 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 consolidated OCI	Amount	As % of consolidated TCI	Amount
Holding Company								
MAS Financial Services Limited	94.90%	1,13,916.42	97.52%	14,191.11	96.84%	750.79	97.49%	14,941.90
Subsidiary								
MAS Rural Housing & Mortgage Finance Limited	3.39%	4,071.65	1.68%	244.90	1.89%	14.62	1.69%	259.52
Non-controlling interest	1.71%	2,046.76	0.80%	116.42	1.27%	9.88	0.82%	126.30
Total	**100.00%**	**1,20,034.83**	**100.00%**	**14,552.43**	**100.00%**	**775.29**	**100.00%**	**15,327.72**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

39. 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 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	28,756.38	-	28,756.38	98,711.42	-	98,711.42
Bank balance other than above	56,237.26	2,072.84	58,310.10	1,082.16	2,137.54	3,219.70
Trade Receivables	104.63	-	104.63	223.34	-	223.34
Loans	2,86,331.21	1,93,649.69	4,79,980.90	2,38,091.44	1,68,239.51	4,06,330.95
Investments	15,768.78	33,551.88	49,320.66	6,107.16	14,051.22	20,158.38
Other financial assets	4,387.65	1,164.69	5,552.34	4,109.10	864.98	4,974.08
Non-financial assets						
Income tax assets (net)	-	623.33	623.33	-	592.40	592.40
Deferred tax Assets (net)	-	2,516.38	2,516.38	-	2,256.16	2,256.16
Property, plant and equipment	-	1,293.47	1,293.47	-	1,144.80	1,144.80
Capital work-in-progress	-	5,204.40	5,204.40	-	5,002.73	5,002.73
Right-of-use asset	19.35	41.57	60.92	48.57	5.25	53.82
Intangible assets under development	-	3.57	3.57	-	-	-
Other Intangible assets	-	22.34	22.34	-	9.25	9.25
Other non-financial assets	421.89	-	421.89	286.04	-	286.04
Total assets	**3,92,027.15**	**2,40,144.16**	**6,32,171.31**	**3,48,659.23**	**1,94,303.84**	**5,42,963.07**
LIABILITIES						
Financial liabilities						
Trade payables	1,458.69	-	1,458.69	727.85	-	727.85
Other payables	155.43	-	155.43	100.92	-	100.92
Debt securities	6,464.63	29,738.42	36,203.05	24,976.34	6,435.18	31,411.52
Borrowings (other than debt securities)	2,45,880.32	1,48,117.10	3,93,997.42	2,14,545.84	99,320.96	3,13,866.80
Subordinated liabilities	4,000.00	9,721.55	13,721.55	1,996.55	4,000.00	5,996.55
Other financial liabilities	31,412.34	14,773.91	46,186.25	49,423.84	14,043.56	63,467.40
Non-financial liabilities						
Current tax liabilities (net)	248.45	-	248.45	1,214.93	-	1,214.93
Provisions	10.32	706.19	716.51	0.59	396.38	396.97
Other non-financial liabilities	4,084.18	1,403.09	5,487.27	4,528.29	1,217.01	5,745.30
Total liability	**2,93,714.36**	**2,04,460.26**	**4,98,174.62**	**2,97,515.15**	**1,25,413.09**	**4,22,928.24**
Net	**98,312.79**	**35,683.90**	**1,33,996.69**	**51,144.08**	**68,890.75**	**1,20,034.83**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

40. 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 ₹ 150.98 lakhs (31 March 2021: ₹ 151.32 lakhs) and employee state insurance scheme aggregating ₹ 15.01 lakhs (31 March 2021: ₹ 17.81 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 Group, 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 Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

The status of gratuity plan as required under Ind AS 19 is as under:

(₹ In Lakhs)

		As at 31 March 2022	As at 31 March 2021
i.	**Reconciliation of opening and closing balances of defined benefit obligation**		
	Present value of defined benefit obligations at the beginning of the year	305.34	315.96
	Current service cost	56.22	57.46
	Interest cost	20.36	21.28
	Benefit paid	(20.17)	(9.67)
	Re-measurement (or Actuarial) (gain) / loss arising from:		
	Change in demographic assumptions	(7.43)	(7.07)
	Change in financial assumptions	(3.23)	-
	Experience adjustments	15.72	(72.62)
	Present value of defined benefit obligations at the end of the year	**366.81**	**305.34**
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	305.03	271.59
	Interest income	22.27	20.62
	Return on plan assets excluding amounts included in interest income	(3.55)	(4.48)
	Contributions by employer	63.50	26.97
	Benefits paid	(20.17)	(9.67)
	Fair value of plan assets at the end of the year	**367.08**	**305.03**
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	366.81	305.34
	Fair value of plan assets at the end of the year	367.08	305.03
	Net asset / (liability) recognized in balance sheet as at the end of the year	**0.27**	**(0.31)**
iv.	**Composition of plan assets**		
	100% of plan assets are administered by LIC.		

(₹ In Lakhs)

		Year ended 31 March 2022	Year ended 31 March 2021
v.	**Expense recognised during the Year**		
	Current service cost	**56.22**	57.46
	Interest cost	**(1.90)**	0.66
	Expenses recognised in the statement of profit and loss	**54.32**	**58.12**
vi.	**Other comprehensive income**		
	Components of actuarial gain/losses on obligations:		
	Due to change in financial assumptions	**(3.23)**	-
	Due to change in demographic assumption	**(7.43)**	(7.07)
	Due to experience adjustments	**15.72**	(72.62)
	Return on plan assets excluding amounts included in interest income	**3.55**	4.48
	Components of defined benefit costs recognised in other comprehensive income	**8.61**	(75.21)

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
vii. Principal actuarial assumptions		
Discount rate (per annum)	6.95%	6.85%
Rate of return on plan assets (p.a.)	6.95%	6.85%
Annual increase in salary cost	8.00%	8.00%
Withdrawal rates per annum		
25 and below	20.00%	10.00%
26 to 35	15.00%	8.00%
36 to 45	10.00%	6.00%
46 to 55	5.00%	4.00%
56 and above	5.00%	2.00%

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 year, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Defined benefit obligation (base)	366.81	305.34

(₹ In Lakhs)

	Year ended 31 March 2022		Year ended 31 March 2021	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	383.40	351.35	322.94	289.12
(% change compared to base due to sensitivity	4.52%	-4.21%	5.76%	-5.31%
Salary Growth Rate (- / + 0.5%)	354.03	380.40	291.64	319.83
(% change compared to base due to sensitivity)	-3.48%	3.70%	-4.49%	4.75%
Withdrawal Rate (W.R.) (W.R. x 90% / W.R. x 110%)	368.62	365.06	306.70	304.04
(% change compared to base due to sensitivity)	0.49%	-0.48%	0.45%	-0.43%

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 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.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

b) Maturity profile of defined benefit obligation

The average outstanding term of the obligations (years) as at valuation date is 11.31 to 11.88 years.

(₹ In Lakhs)

	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1st following year	28.18	3.55%
2nd following year	29.19	3.85%
3rd following year	28.75	3.95%
4th following year	28.68	3.75%
5th following year	30.05	3.85%
Sum of years 6 to 10	157.51	18.75%

The future accrual is not considered in arriving at the above cash-flows.

The expected contribution for the next year is ₹ 16.27 lakhs.

c) Other long term employee benefits

The liability for compensated absences as at the year ended 31 March 2022 is ₹ 17.77 Lakhs and as at year ended 31 March 2021 is ₹ 7.66 lakhs.

Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the provident fund Act and the gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry of Labour and Employment. The Group will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

41. FINANCIAL INSTRUMENT AND FAIR VALUE MEASUREMENT

Fair value 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 a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

A. Measurement of fair values

i) 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.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

ii) Transfers between levels 1 and 2

There has been no transfer in between level 1 and level 2.

iii) Valuation techniques

Loans

The Group 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 month of the year which is an unobservable input and therefore these has been considered to be fair valued using level 3 inputs.

Investments measured at FVTPL

Fair values of market linked debentures have been determined under level 1 using quoted market prices of the underlying instruments. Fair value of investment in alternate investment funds have been determined under level 2 using observable input.

B. 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 2022	Carrying amount			Fair value			
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Loans measured at FVOCI	-	4,63,069.27	-	-	-	4,67,158.09	4,67,158.09
Investments measured at FVTPL	-	-	30,318.61	26,296.65	4,021.96	-	30,318.61
	-	**4,63,069.27**	**30,318.61**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	28,756.38	-	-	28,756.38	-	-	28,756.38
Bank balance other than cash and cash equivalents	58,310.10	-	-	58,310.10	-	-	58,310.10
Trade receivables	104.63	-	-	-	-	104.63	104.63
Loans measured at amortised cost	16,911.63	-	-	-	-	17,382.63	17,382.63
Investment measured at amortised cost	19,002.05	-	-	-	-	19,057.26	19,057.26
Other financials asset	5,552.34	-	-	-	-	5,547.90	5,547.90
	1,28,637.13	**-**	**-**				
Financial liabilities not measured at fair value[1]							
Trade payables	1,458.69	-	-	-	-	1,458.69	1,458.69
Other payables	155.43	-	-	-	-	155.43	155.43
Debt securities	36,203.05	-	-	-	-	38,322.32	38,322.32
Borrowings (other than debt securities)	3,93,997.42	-	-	-	-	3,97,014.78	3,97,014.78
Subordinated liabilities	13,721.55	-	-	-	-	14,019.98	14,019.98
Other financial liabilities	46,186.25	-	-	-	-	46,186.25	46,186.25
	4,91,722.39	**-**	**-**				

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

As at 31 March 2021	Carrying amount			Fair value			
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Loans measured at FVOCI	-	3,86,070.97	-	-	-	3,86,070.96	3,86,070.96
Investments measured at FVTPL	-	-	13,596.87	11,566.97	2,029.90	-	13,596.87
	-	**3,86,070.97**	**13,596.87**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	98,711.42	-	-	98,711.42	-	-	98,711.42
Bank balance other than cash and cash equivalents	3,219.70	-	-	3,219.70	-	-	3,219.70
Trade receivables	223.34	-	-	-	-	223.34	223.34
Loans measured at amortised cost	20,259.98	-	-	-	-	26,854.16	26,854.16
Investment measured at amortised cost	6,561.51	-	-	-	-	6,564.03	6,564.03
Other financials asset	4,974.08	-	-	-	-	4,972.97	4,972.97
	1,33,950.03	**-**	**-**				
Financial liabilities not measured at fair value[1]							
Trade payables	727.85	-	-	-	-	727.85	727.85
Other payables	100.92	-	-	-	-	100.92	100.92
Debt securities	31,411.52	-	-	-	-	31,520.62	31,520.62
Borrowings (other than debt securities)	3,13,866.80	-	-	-	-	3,15,555.98	3,15,555.98
Subordinated liabilities	5,996.55	-	-	-	-	6,168.36	6,168.36
Other financial liabilities	63,467.40	-	-	-	-	63,467.40	63,467.40
	4,15,571.04	**-**	**-**				

[1] The Group has not disclosed the fair values for cash and cash equivalents, bank balances, investment in debt securities, interest accrued but not due on loans and advances, bank deposits and investment, 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)

	Year ended 31 March 2022	Year ended 31 March 2021
i) Loans		
Balance at the beginning of the year	3,90,401.86	3,44,239.88
Addition during the year	3,54,151.18	2,54,996.90
Amount derecognised / repaid during the year	(2,73,149.78)	(2,06,374.59)
Amount written off	(3,010.64)	(3,420.66)
Gains/(losses) recognised in other comprehensive income	(1,029.62)	960.33
Balance at the end of the year	4,67,363.00	3,90,401.86

* The above classification also includes balance of spread receivable on assigned portfolio. (Refer note 10)

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Sensitivity analysis to fair value

(₹ In Lakhs)

	Amount, net of tax	
	Increase	Decrease
31 March 2022		
Loans		
Interest rates (50 bps movement)	(1,094.47)	1,106.83
31 March 2021		
Loans		
Interest rates (50 bps movement)	(762.19)	799.85

42 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.

42.1 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.

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.

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.

43.1 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.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(a) 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 Group has established a credit policy under which each new customer is analysed individually for creditworthiness before sanctioning any loan. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, the loan-to-value ratio 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 2022	As at 31 March 2021
Retail assets	2,49,637.70	1,85,871.75
Two wheeler loans	25,978.81	19,548.15
Micro enterprise loans	1,05,089.78	88,992.95
Salaried personal loans	10,339.65	9,243.88
Small and medium enterprise loans	82,475.26	42,146.37
Commercial vehicle loans	4,725.65	4,146.64
Housing & non-housing loans	21,028.55	21,793.76
Loans to NBFC	2,34,348.41	2,23,097.68
Construction finance	978.92	2,311.45
Total	**4,84,965.03**	**4,11,280.88**

Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers and machinery & property in case of SME customers. The secured exposure are secured wholly or partly by hypothecation of assets and undertaking to create a security.

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.

(i) Staging:

As per the provision of Ind AS 109, 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.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Group's internal credit rating grades and staging criteria for loans are as follows:

Days past dues status	Stage	Internal grades	Provisions
Current	Stage 1	High Quality assets, negligible credit risk	12 Months Provision
1-30 Days	Stage 1	High Quality assets, negligible credit risk	12 Months Provision
31-60 Days	Stage 2	Quality assets, low credit risk	Lifetime Provision
61-90 Days	Stage 2	Standard assets, moderate credit risk	Lifetime Provision
91-180 Days	Stage 3	Sub-standard assets, relatively high credit risk	Lifetime Provision
>180 Days	Stage 3	Low quality assets, very high credit risk	Lifetime Provision

(ii) Grouping:

As per Ind AS 109, the 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. Two wheeler loans
b. Micro enterprise loans
c. Salaried personal loans
d. Small and medium enterprise loans
e. Commercial vehicle loans
f. Retail asset channel loans
g. Housing & non-housing loans
h. Construction finance

(iii) 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. Probability of default ("PD")
b. Loss given default ("LGD")
c. Exposure at default ("EAD")
d. Discount factor ("D")

For RAC & HFC loan portfolio, the Group has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Group consists of various parameters based on which RAC & HFC loan portfolio is evaluated and credit rating is assigned accordingly. The credit rating matrix developed by the Group is validated in accordance with its ECL policy.

The Group has developed its PD matrix based on the external benchmarking of various external reports, ratings & Basel norms. This PD matrix is calibrated with its historical data and major events on regular time interval in accordance with its ECL policy.

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.

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.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

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.

Loss given default:

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 effective interest rate.
    c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using effective interest 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

For RAC and HFC loan portfolio, the LGD has been considered based on Basel-II Framework for all the level of credit rating portfolio.

Exposure at default:

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 and assignments of loans.

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. The exposure at default is calculated for each product and for various DPD status after considering future expected assignment which is not at risk. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. Further, the stage 3 EAD for the purpose of the ECL computation is considering when loan became Stage 3 for the first time (for retail loans).

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)
Conditional RAC ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt)

For RAC and HFC loan portfolio, the Group has calculated ECL based on borrower wise assessment of internal credit rating as per the framework of the Group, while for retail loan portfolio, the same has been calculated on collective basis.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

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 2022	As at 31 March 2021
Stage 1	1.00%	1.51%
Stage 2	12.29%	19.82%
Stage 3	42.42%	38.48%
Amount of expected credit loss provided for	**10,494.69**	**10,388.81**

The loss rates are based on actual credit loss experience over past 5 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.

(iv) Impact assessment on account of COVID-19

In accordance with the board approved moratorium policy read with the RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Group had granted moratorium up to six months on the payment of installments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Group continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The Group's management is continuously monitoring the situation and the economic factors affecting the operations of the Group arising on account of COVID-19 and accordingly is providing for additional management overlay provision for such uncertainty. As at 31 March 2022, additional Expected Credit Loss (ECL) provision on loan assets as management overlay on account of COVID-19 stood at ₹ 4,083.66 lakh (31 March 2021: ₹ 5,954.19 lakh).

The additional ECL provision on account of COVID-19 is based on the Group's historical experience, collection efficiencies till date, internal assessment and other macro economic factors on account of the pandemic. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic.

(v) Modification of financial assets

The Group has modified the terms of certain loans provided to customers in accordance with RBI notification on MSME restructuring dated 6 August 2020 and 5 May 2021. Such restructuring benefits are provided to distressed customers who are impacted by COVID-19 pandemic.

Such restructuring benefits include extended payment term arrangements, moratorium and changes in interest rates. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer note 3.5). The Group monitors the subsequent performance of modified assets. The gross carrying amount of such assets held as at 31 March 2022 is ₹ 1,842.56 lakhs (31 March 2021: ₹ 446.20 lakhs). Overall provision for expected credit loss against restructured loan exposure amounts to ₹ 221.53 lakhs as at 31 March 2022 (31 March 2021: ₹ 111.92 lakhs). The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets.

(b) 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 subject to an insignificant risk of change in value.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

43.2 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.

The total cash credit limit available to the Group is ₹ 187,700.00 lakhs spread across 18 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

Over the years, the Holding Company has maintained around 20% to 25% 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 undiscounted cashflow of the Group's financial 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
As at 31 March 2022									
Debt securities	-	-	-	-	7,658.97	35,710.89	-	-	43,369.86
Borrowings (Other than debt securities)	7,227.77	7,625.80	17,142.19	29,978.92	1,99,676.37	1,25,580.94	39,297.70	610.96	4,27,140.65
Subordinated liabilities	72.16	88.36	4,209.55	270.96	533.08	2,152.95	2,150.00	10,216.34	19,693.40
Payable	1,167.58	10.39	10.05	30.15	395.95	-	-	-	1,614.12
Lease Liability	3.70	2.27	2.28	5.87	9.89	31.89	22.57	-	78.47
Other financial liabilities	16,424.24	985.08	2,414.85	4,351.48	7,217.13	13,199.86	1,190.49	336.68	46,119.81

(₹ 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 2021									
Debt securities	-	-	-	2,250.00	26,110.59	7,629.52	-	-	35,990.11
Borrowings (Other than debt securities)	7,178.50	4,903.99	12,043.67	19,161.21	1,82,023.80	81,693.09	26,170.67	3,533.76	3,36,708.69
Subordinated liabilities	-	-	129.64	2,254.11	259.29	4,118.25	-	-	6,761.29
Trade payable	719.31	10.13	9.80	29.41	60.12	-	-	-	828.77
Lease Liability	10.46	6.16	7.44	18.05	19.31	6.62	0.76	-	68.80
Other financial liabilities	29,226.77	1,448.88	2,022.45	4,991.80	11,674.72	12,143.24	1,365.02	528.38	63,401.26

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

43.3 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.

A. 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.

The sensitivity analysis have been carried out based on the exposure to interest rates for lending and borrowings carried at variable rate and investments made by the Group.

(₹ In Lakhs)

Change in interest rates	Year ended 31 March 2022		Year ended 31 March 2021	
	50 bps increase	50 bps decrease	50 bps increase	50 bps decrease
Investments	26,296.65	26,296.65	11,566.97	11,566.97
Impact on profit before tax for the year	131.48	(131.48)	57.83	(57.83)
Variable rate lending	2,56,355.87	2,56,355.87	2,47,202.88	2,47,202.88
Impact on profit before tax for the year	1,274.70	(1,274.70)	1,230.80	(1,230.80)
Variable rate borrowings	3,74,853.82	3,74,853.82	2,88,673.44	2,88,673.44
Impact on profit before tax for the year	(1,883.05)	1,883.05	(1,445.18)	1,445.18

B. Foreign currency risk

The Group does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Group.

44. LEASE DISCLOSURE

Where the Group is the lessee

The Group has entered into agreements for taking its office premises under leave and license arrangements. These agreements are for tenures between 11 months and 5 years and majority of the agreements are renewable by mutual consent on mutually agreeable terms, lease rentals have an escalation ranging between 5% to 15%. Leases for which the lease term is less than 12 months have been accounted as short term leases.

(₹ In Lakhs)

Contractual cash maturities of lease liabilities on an undiscounted basis	As at 31 March 2022	As at 31 March 2021
Not later than one year	24.01	61.42
Later than one year and not later than five years	54.46	7.38
Later than five years	-	-
Total undiscounted lease liabilities	**78.47**	**68.80**
Lease liabilities included in the balance sheet		
Total lease liabilities	66.44	66.14

(₹ In Lakhs)

Amount recognised in the statement of profit and loss account	Year ended 31 March 2022	Year ended 31 March 2021
Interest on lease liabilities	5.44	12.24
Depreciation charge for the year	45.24	97.81
Expenses relating to short term leases	272.48	172.35

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

Amount recognised in statement of cash flow	Year ended 31 March 2022	Year ended 31 March 2021
Cash outflow towards lease liability	(51.97)	(106.43)

For addition and carrying amount of right to use asset for 31 March 2022 and 31 March 2021, refer note 11(c).

Title deeds of all immovable properties of the Company are held in name of the Company. Further all the lease agreements are duly executed in favour of the Company for properties where the Company is the lessee.

45. TRANSFER OF FINANCIAL ASSETS

45.1 Transferred financial assets that are not derecognised in their entirety

The following table provides a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Securitisation		
Carrying amount of transferred assets	5,759.75	-
Carrying amount of associated liabilities (Borrowings - other than debt securities)	5,003.21	-
Fair value of assets (A)	5,750.45	-
Fair value of associated liabilities (B)	4,995.13	-
Net position at Fair Value (A-B)	755.31	-

45.2 Transferred financial assets that are derecognised in their entirety

The Group has assigned loans by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of exposure net of MRR to the buyer, the assets have been de-recognised from the Group's Balance Sheet. The table below summarises the carrying amount of the derecognised financial assets :

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Direct assignment		
Carrying amount of de-recognised financial asset	1,13,291.87	1,33,633.96
Carrying amount of retained financial asset	15,297.75	15,573.67

45.3 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

46. No proceedings have been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at 31 March 2022 and 31 March 2021.

47. The Group is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2022 and 31 March 2021.

48. The Group does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022 and 31 March 2021.

49. All the charges or satisfaction, as applicable are registered with ROC within the statutory period.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

50. The Group has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at 31 March 2022 are held by the Group in the form of deposits or in current accounts till the time the utilisation is made subsequently.

51. There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2022 and 31 March 2021, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended 31 March 2022 and 31 March 2021.

52. As a part of normal lending business, the Group grants loans and advances on the basis of security / guarantee provided by the Borrower/ co-borrower. These transactions are conducted after exercising proper due diligence.

Other than the transactions described above,

(a) No funds have been advanced or loaned or invested by the Group to or in any other person(s) or entity(ies) including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in a party identified by or on behalf of the Company (Ultimate Beneficiaries);

(b) No funds have been received by the Group from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

53. The Group has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2022 and 31 March 2021.

54. The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended March 31, 2022 and March 31, 2021.

55. The Group has not entered into any scheme of arrangement.

56. 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)

	Year ended 31 March 2022	Year ended 31 March 2021
Type of income		
Services charges	1.81	-
Others	1,830.83	1,832.21
Total revenue from contracts with customers	**1,832.64**	**1,832.21**
Geographical markets		
India	1,832.64	1,832.21
Outside India	-	-
Total revenue from contracts with customers	**1,832.64**	**1,832.21**
Timing of revenue recognition		
Services transferred at a point in time	1,832.64	1,832.21
Services transferred over time	-	-
Total revenue from contracts with customers	**1,832.64**	**1,832.21**

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

57. EVENTS AFTER THE REPORTING PERIOD

Ind AS 10 'Events after the Reporting Period', requires an entity to evaluate information available after the balance sheet date to determine if such information constitutes an adjusting event, which would require an adjustment to the financial statements, or a non-adjusting event, which would only require disclosure. There have been no events after the reporting date that require disclosure in these financial statements.

58. Previous year figures have been regrouped / reclassified, wherever found necessary, to conform to current year classification.

In terms of our report of even date attached
For Mukesh M Shah & Co.
Chartered Accountants
Firm's Registration No: 106625W

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

Chandresh S. Shah
Partner
Membership No: 042132

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

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

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

Ankit Jain
Chief Financial Officer

Ahmedabad
4 May 2022

Ahmedabad
4 May 2022

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EXCELLENCE THROUGH ENDEAVOURS
MAS
FINANCIAL SERVICES LTD.
The Power of Distribution

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