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

MAS FINANCIAL SERVICES LIMITED

MFSL/SEC/EQ/2020/65

12th November, 2020

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: Notice of 25th Annual General Meeting (AGM) of MAS Financial Services Limited for the financial year 2019-20.

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 Annual Report including Notice of AGM of the Company for the FY 2019-20 to be held through Video Conferencing/ Other Audio Visual Means in accordance with the Ministry of Corporate Affairs vide its Circular No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020 and Circular No. 20/2020 dated 5th May, 2020 read with the Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 ("Circulars").

In compliance with said Circulars issued by Ministry of Corporate Affairs and the Securities and Exchange Board of India, the Notice convening the AGM and the Annual Report of the Company for the FY 2019-20 are being sent to all the members of the Company whose email addresses are registered with the Company or Depository Participant(s).

The Notice of AGM along with the Annual Report for the financial year 2019-20 is also being made available on the website of the Company at: https://mas.co.in/annual-reports.aspx

Following are important dates in this regards:

MAS FINANCIAL SERVICES LIMITED
MAS
AHMEDABAD
BB

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

Sr. No.	Particulars	Date
1.	Book Closure	Thursday, 3rd December, 2020 to Wednesday, 9th December, 2020 (both days inclusive)
2.	Cut-off Date E-Voting	Wednesday, 2nd December, 2020
3.	E-Voting	Commences at 09:00 A.M. on Saturday, 05th December, 2020 and ends at 05:00 P.M. on Tuesday, 08th December, 2020
4.	Date of AGM	Wednesday, 09th December, 2020 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
MAS
AHMEDABAD

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

EXCELLENCE THROUGH ENDEAVOURS

MAS

FINANCIAL SERVICES LTD.

The Power of Distribution

25TH ANNUAL REPORT

2019-20

25th Year Of ENDEAVOURS

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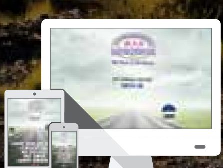


www.mas.co.in
Visit Company's official website to download the Annual Report.

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

It is said that change is the only constant in life. The journey is always evolving, and so are we. At MAS Financial Services, we have now completed 100 profitable quarters — an enriching 25 years in this sector — by always moving with zeal and determination towards the next milestone.

We cater to the essential financial needs of middle- and low-income individuals and support small, medium, and micro-enterprises, thereby contributing to the building blocks of the country. Over the quarter century of our operation, India's economic heft and the aspirations of its people have changed beyond recognition. We have crossed many milestones, with endurance to go the distance, whatever that distance may be, because we have not only been attuned to these changes but have also endeavoured to foresee needs and to be prepared to fulfil them.

In a country with so many diverse demographic segments, a nation that is both Bharat and India, a sustained performance in the financial services sector requires reach, communication, prudence, and the right services and products. We have been fortifying all of these aspects of our business, and have thus reached the milestone of managing assets worth ₹ 60,000 Mn. on a consolidated basis. Still more ground could have been covered, but for the unimaginable scale and impact of the COVID-19 pandemic and the nationwide lockdown. Lives came before profits, and we exercised the highest degree of caution to protect the most important asset of any country — its people. The new normal means another spurt of change in financial needs and habits; we are there for it.

The idea of the next milestone is always invigorating for us with an attitude of converting challenges into opportunities by constantly improving on our skill sets accompanied by our strong determination to not only give our best but the best required, which gives us the confidence to march ahead with greater energy and resolve.

FROM THE DESK OF FOUNDER, CHAIRMAN & MD

"This financial year was very special: 25th year of consistent performance and emerging stronger on all parameters despite the unprecedented challenges"

Dear shareholders,

It is with immense pride and gratitude that I present to you the 25th Annual Report of MAS Financial Services Ltd. While every year, we endeavour to prove our mettle, this financial year was particularly tough, and our performance of team MAS even during this period deserves appreciation. Our Assets under Management (AUM) crossed the mark of ₹ 60,000 Mn on a consolidated basis. The global economy experienced a protracted slowdown in 2019, the most sluggish it has been since the 2008 crash. That was followed by the novel coronavirus contagion of 2020, a crisis that ushered in the 'new normal'.

What happened in India in 2019 was particularly relevant to MAS, as the nonbanking financial companies (NBFCs) sector, the space where we operate, was beset by severe problems, following the payment default crisis and the resultant market panic and liquidity crunch for NBFCs. The distress of this sector, which supports individuals and MSMEs with a range of lending, disrupted the loan-repayment cycle in the economy, drying up consumption. It was a downward spiral that the nation saw at the time. However, we navigated this crisis fairly unscathed, as we look at growth in a holistic way, prudently balancing risks and safeguards.

Then came COVID-19 and completely froze all but the most essential economic activities. We were cautious on disbursing loans, naturally, and we estimated that normal economic activity at the end of March 2020 would have pushed our AUM potentially to ₹ 63,000 Mn. Surviving these crises and coming out of them with strong numbers is a milestone for MAS, without a doubt.

The next milestone would be to make a concrete contribution to India's recovery from the aftermath of the COVID-19 lockdown by disbursing a targeted amount of loans, recalibrating our policy according to the new circumstances. The country will continue to function in the shadow of the pandemic, but holding back on lending is not an option as that would weaken the economy further. Instead, we shall raise the level of our due diligence and remain guided by our principle of creating entrepreneurs, not just borrowers.

Among consumer sectors where we foresee a moderate revival, when there is enough liquidity in the system, are housing loans, two-wheeler and commercial vehicle loans, and MSME loans, though the first two categories would remain subdued in the near term. The COVID-19 outbreak has caused a massive reverse migration of low income families to the hinterlands, and that might very well give rise to new opportunities there, with small businesses coming up to fill the employment vacuum. With our robust retail presence, a network of last-mile service, and a thorough knowledge of target groups' behaviour, we are well-positioned to take advantage of opportunities arising from the crisis — because in the economic cycle, down is inevitably followed by up.

MEASURES FOR COVID-19

To help borrowers deal with the tremendous income uncertainty of COVID-19, we offered moratorium on loan repayments; at the same time, we proactively advised borrowers to continue repaying their loans if they could afford to do so. Our continuous efforts on engaging with our borrowers resulted into 49% and 45% of the total loan repayment instalments coming in April and May 2020 despite a total lockdown and all the borrowers being granted the moratorium. The same speaks of the moral conduct of the borrowers besides a disciplined financial management.

Due to a very strong liability management of the company, we opted not to avail any moratorium on the loans we have taken. Indeed, our liquidity position is more than adequate to meet all financial obligations for 2020.

We have made a special COVID-19 provision of ₹ 203.33 Mn, translating to 0.61% of our on-book assets of ₹ 33,255 Mn. As on 31st May 2020, our total liquidity buffer was around ₹ 7,000 Mn and we had unutilised cash credit facility of ₹ 7,000 Mn.

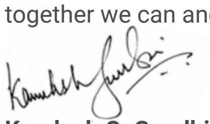
The contagion required us to operate most of our 105 branches with minimum staffing, and a gradual scale-up plan was made to resume full operations. Employee welfare measures included regular sanitisation of office premises; giving out a daily health advisory, supported by basic health checks of employees; and keeping a doctor on call. Employees were reskilled as necessary to adapt to the transformed circumstances.

OUTLOOK

India's growth story will get back on track, albeit with some changes in detail. Team MAS is determined to play a central role in that story by extending credit where its due, fulfilling aspirations, providing stability, firing up the spirit of enterprise.

MAS is at a very strategic inflection point and the steady growth of around 20% over the next decade will lead to a formidable size with very strong fundamentals. The strong enablers being our resolve, experience, huge market size, strong learning curve and almost a self-propelling model on capital requirement.

We remain committed to our mission of "Excellence through Endeavour" and I place on record my gratitude to all the stakeholders and more importantly the immense contribution of the core team and also the entire team of MAS during this journey of 25 years, aware of the fact that we have miles to go...... and together we can and we will......

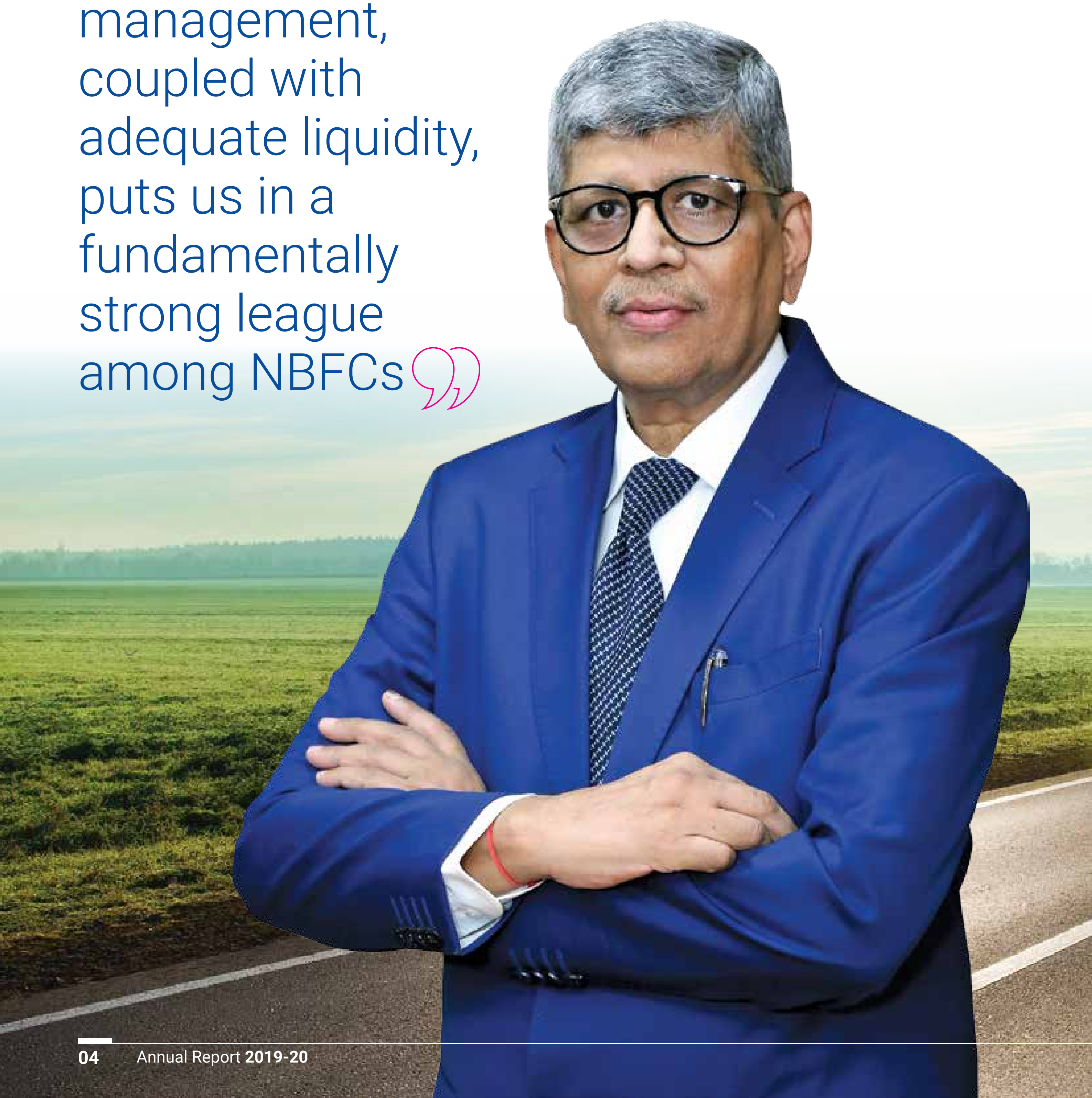


Kamlesh C. Gandhi

Chairman and Managing Director

FROM THE DESK OF CO-FOUNDER AND DIRECTOR-FINANCE

"Our prudent lending and asset management, coupled with adequate liquidity, puts us in a fundamentally strong league among NBFCs"



Dear shareholders,

My greetings and the best wishes on completion of the 25th year of this company. Over all these years we have tirelessly endeavoured to perform on the dictum of "Excellence through Endeavours". We have, during the year under review, maintained our steadily rising growth graph, reaching AUM of ₹ 60,000 Mn, resolutely moving forward even as crisis after crisis slowed the economy down. This is more than a number; this is proof of what can be achieved when every step is guided by a commitment to creating value and remaining prudent.

Our Profit after Tax (PAT) for the year ended 31st March 2020 is ₹ 1,782 Mn, up from ₹ 1,521 Mn in the previous year, a growth of 17.16%. The level of profit in a year that put every industry, every country under extreme stress reflects our cost efficiency, comprehensive offerings, and stakeholder trust. Excluding our special contingent provision for COVID-19, PAT stood at ₹ 1,934 Mn registering a growth of 27.16%.

Return on AUM for the year ended 31st March 2020 was 3.15% and Return on Equity was 18.29%. The figures would be slightly higher, 3.42% and 19.85%, respectively, when adjusted for COVID-19 provisioning.

We have strategised, and are constantly updating that strategy, in keeping with the changing - and still uncertain macro economic conditions. Our prudent lending and asset management, coupled with adequate liquidity, puts us in a leading position among NBFCs. Notably, we have not opted for moratorium benefits on the outstanding loans and are comfortably placed to meet our repayment obligations for the year. Our market credibility gives us access to funds for lending, ensuring that we shall have the resources to grow our business and help the national economy recover as well.

On behalf of Team MAS, we thank you for your long association with us, and look forward to growing our business in scale and depth with your support.

Mukesh C. Gandhi
Director - Finance

MAS AT A GLANCE

MAS Financial Services started its journey in 1995, following its registration as an NBFC with the Reserve Bank of India. The Company specialises in catering to retail customers, especially those in the low-income and middle-income segments; it also offers enterprise loans to MSMEs. These are the borrowers mostly in need of readily available loans to fulfil their obligations and aspirations, and to grow their modest businesses that provide employment around the country.

Our offerings span Retail Financing products for MSMEs, Home Loans, Two-Wheeler Loans, Used Car Loans and Commercial Vehicle Loans. Our 105 branches cover urban, semi-urban and rural areas in 7 territories: Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu, Karnataka, and Delhi NCT. By the end of March 2020, we had serviced 7,00,000+ active clients, in formal and informal sectors, often taking financial services to the customers' doorstep.

Seeing that our target borrowers do not always have complete paperwork to prove their eligibility, we have been putting in place alternative systems that would enable us to assess loan repayment ability and extend credit where it is due while protecting the Return on Capital Employed (RoCE). Our system of analysing creditworthiness includes getting to know borrowers very well by engaging with them constantly. We strive to be there always for MSMEs, supporting their role in fuelling the economy.

One of our key strategic moves is to be present everywhere and become a leading lender. To achieve and retain this advantage, we leverage the distribution network of our partners non-banking finance companies, microfinance institution NBFCs, housing finance companies, franchisees – to reach out to those who are unserved and under-served.

Vision

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

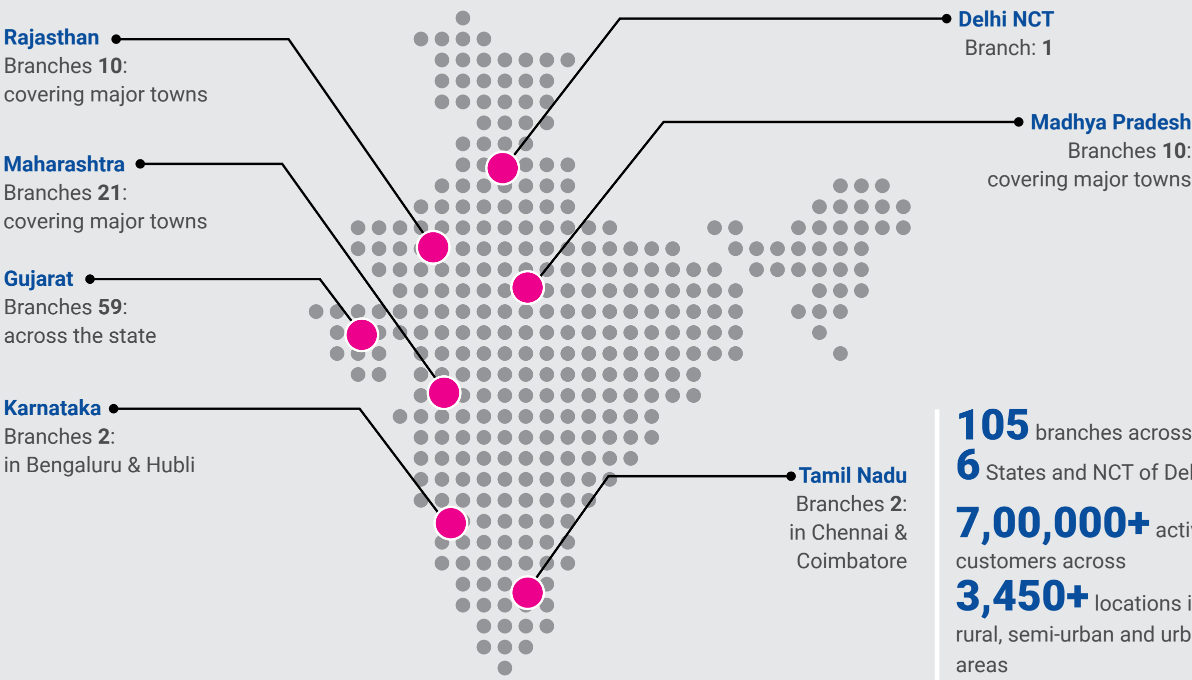
Mission

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

Belief

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

"Together we can and we will"



105 branches across
6 States and NCT of Delhi
7,00,000+ active customers across
3,450+ locations in rural, semi-urban and urban areas

PRODUCT OFFERINGS

Micro Enterprise Loan (MEL): Financing small and micro enterprises to fulfil growing aspirations

Small & Medium Enterprises (SME) Loan: Fuelling the growth and development of small and medium enterprises

Two-Wheeler Loan: Fulfilling dreams of self-employed and salaried customers for purchasing two-wheelers

Commercial Vehicle (CV) Loan: Financing entrepreneurs to expand and fuel up their distribution business through critical addition of new and used commercial vehicles

Home Loan: Affordable housing for middle and low-income individuals through our subsidiary MAS Rural Housing and Mortgage Finance Ltd.

KEY MILESTONES OVER THE YEARS

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

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

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

2011
- Listing of NCDs on Bombay Stock Exchange

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

2013
- Disbursement and AUM crossed ₹ 10 Bn

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

2015
- Raised subordinate debentures of ₹ 200 Mn
- AUM crossed ₹ 20 Bn

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

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

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

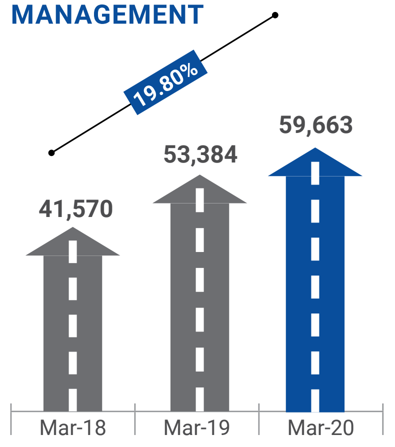
2019
- AUM crossed ₹ 50 Bn
- Bank loan rating upgraded to "Acuité AA -" with Stable outlook and Short-term rating assigned as Acuité A1+

2020
- Completed 25th Year of Endeavours
- AUM crossed ₹ 60 Bn on a consolidated basis

FINANCIAL PERFORMANCE

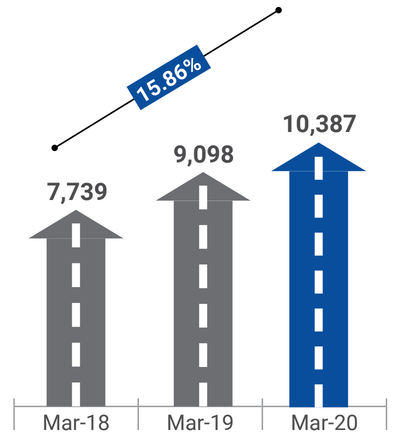
(₹ in Millions)

ASSETS UNDER MANAGEMENT



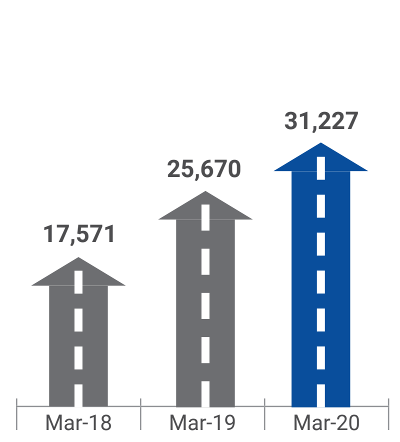
(₹ in Millions)

NET WORTH



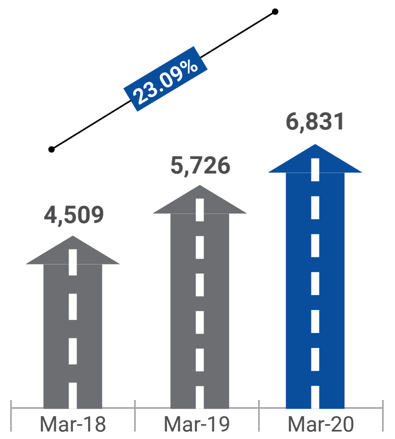
(₹ in Millions)

BORROWINGS



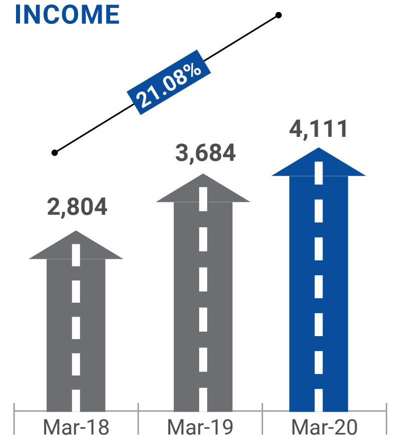
(₹ in Millions)

REVENUE



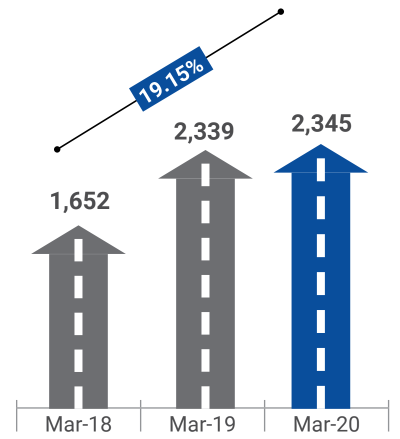
(₹ in Millions)

NET INTEREST INCOME



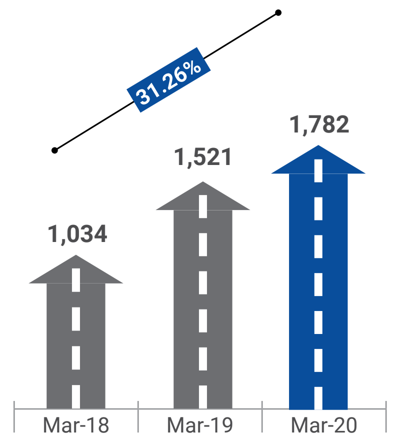
(₹ in Millions)

PROFIT BEFORE TAX



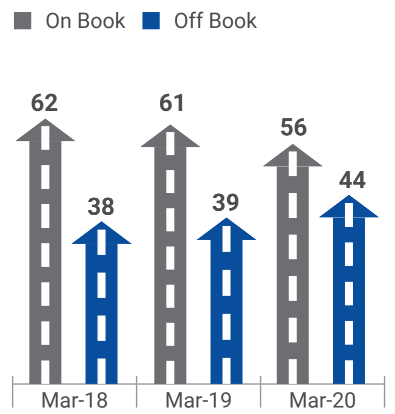
(₹ in Millions)

PROFIT AFTER TAX



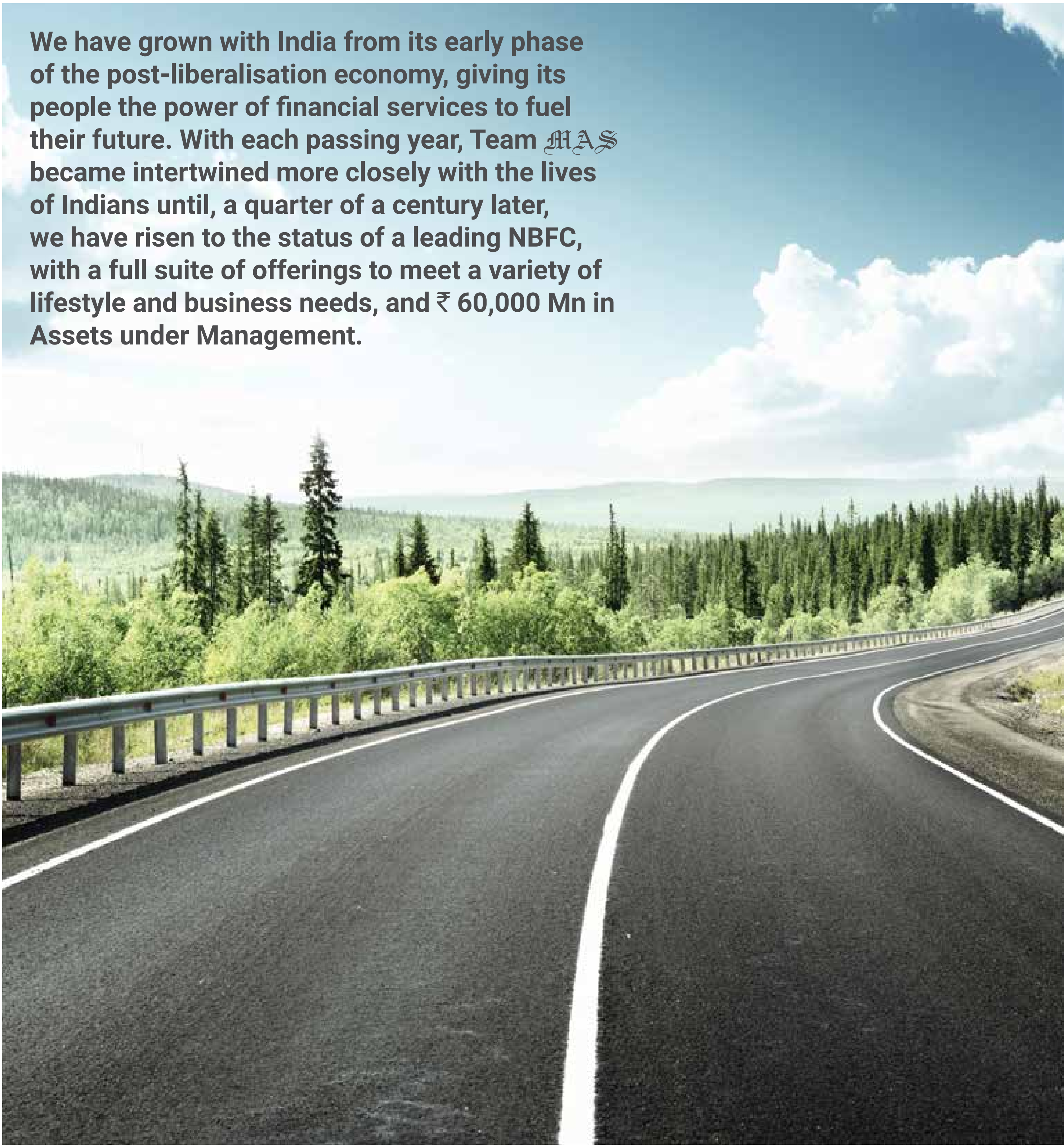
(%)

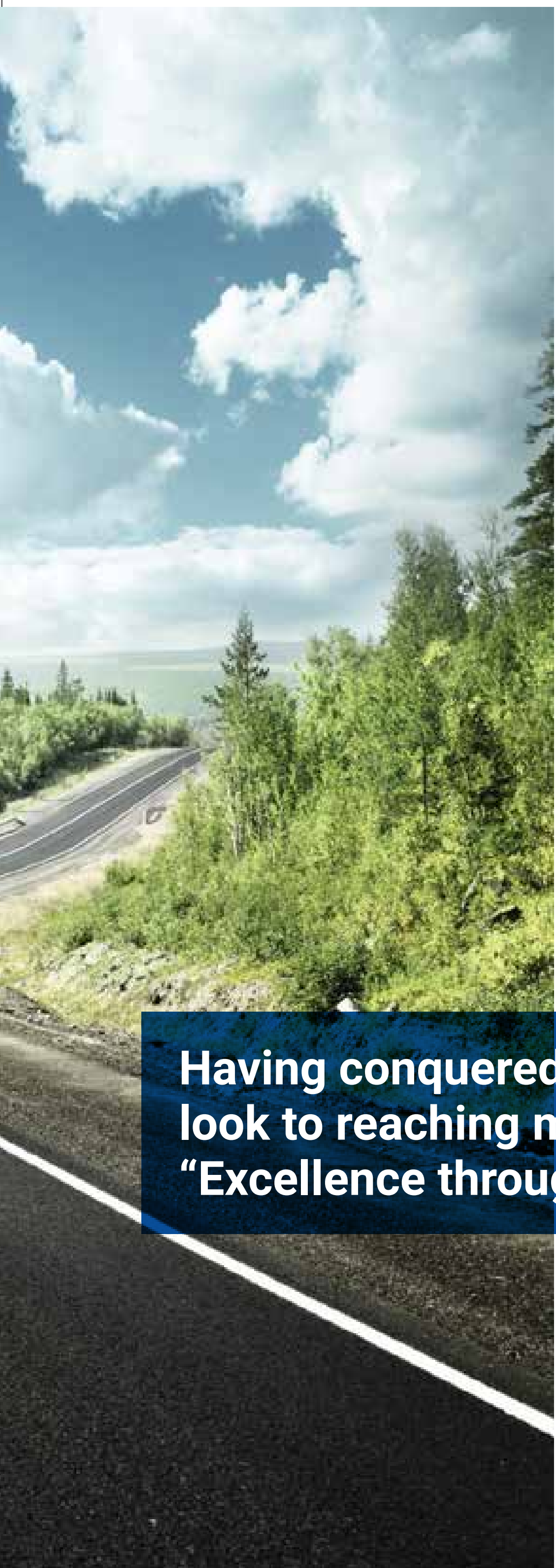
ON BOOK & OFF BOOK AUM



AN ASPIRATIONAL POPULATION FOR WHOM FINANCIAL SERVICES ARE FUEL FOR THE FUTURE

We have grown with India from its early phase of the post-liberalisation economy, giving its people the power of financial services to fuel their future. With each passing year, Team MAS became intertwined more closely with the lives of Indians until, a quarter of a century later, we have risen to the status of a leading NBFC, with a full suite of offerings to meet a variety of lifestyle and business needs, and ₹ 60,000 Mn in Assets under Management.





It feels proud to be part of a country that is now the fifth largest economy in the world, and which is expected to register one of the best growth rates globally in 2021 — India will have a projected 6%, ahead of the global rate of 5.4% — despite being battered by the speed and scale of the coronavirus pandemic in 2020.

The collective development plan of India, with focus on infrastructure, housing, education, and promotion of entrepreneurship, holds a lot of promise for our target segment of borrowers. We cater to the people who have the greatest headroom for growth and our services to them are very far from saturation point. The COVID-19 pandemic, damaging as it has been for wellbeing and wealth, is likely to open up new opportunities and give rise to new financial requirements. If and when the government returns its attention to the 'Make in India' campaign, it will be a fillip for home-grown MSMEs and we shall be present for them.

Our business is built on the basis of trust, fairness, transparency, and best-in-class service for those who cannot always easily access these things, even though they have the ambition and ability to become valued customers of any lender. Not only do we extend credit, but we also help our clients choose the best product and identify the best ways of managing their debt. Through our handholding and guidance, our customers develop a more informed attitude towards borrowing as an instrument of generating more value.

By serving the under-served and unserved, we ensure that the cycle of income and consumption that drives the wheels of the economy, keeps rolling smoothly.

Having conquered the milestone of 100 quarters, we look to reaching many more, guided by our principle of "Excellence through Endeavours"

WHAT MAKES US UNIQUE

Vast expansion potential

Our present customer base is very wide, and the potential to grow is enormous. The number of Indians in need of accessible financial services runs into tens of millions, and we are well positioned to serve them, thanks to our robust retail presence; our partnerships with financial service distributors; and our proven ability to identify trustworthy borrowers in the formal and informal sectors of the urban, semi-urban and rural areas.

Extensive presence and network

Being present in 7 territories across the country, with 3,450 service points, and the promise of doorstep delivery of services, we are there wherever our customers need us to be. Team MAS will reach customers across the hinterlands, through our 135 partner companies and 668 service agents.

Effective Liability Management

As a leading NBFC, we need to borrow the funds for lending at a cost-effective rate. We have achieved this on the strength of our credentials. We always get a good rate on instruments such as Non-Convertible Debentures, Term Loans, Commercial Paper, and Cash Credit. Around 44.26% of our AUM is assigned to banks and financial institutions. Our Tier I and Tier II CRAR is always maintained at the optimal level.

All-encompassing loan products

In these 25 years, we have been steadily expanding the range of our loan offerings, coming up with new products in keeping with the transformation of the economy and the evolving needs of the people. Our product portfolio includes MSME loans, Home Loans, Two-Wheeler Loans, Used Car Loans, and Commercial Vehicle Loans, all of which are vital for our target group of middle- and low-income families and essential for their social mobility and employment prospects.

Steady growth despite external turmoil

We believe in a consistently rising graph rather than sudden growth spikes followed by equally sudden dips. We give credit where it is deserved, following due diligence and a thorough assessment of creditworthiness, and never indulge in a reckless profit chase. This has resulted in a year-on-year increase of Assets under Management despite macro-economic ups and downs. Alongside, our Non-Performing Assets are minimal.

CREATING VALUE FOR COMMUNITIES

Corporate Social Responsibility (CSR) forms an important focus area of our Company to ensure overall well-being and higher quality of life for all. During the year, we undertook initiatives in the areas of Health, Education, Employment, Rural Development and Community Welfare.

Shiksha Abhiyan: Educational Kit

Shiksha Abhiyan: Books & Stationery

Built School Sheds

COVID Relief Food Kit

EVENTS @MAS

We place much importance on collaborations and celebrations to drive higher employee engagement. Snippets of some events celebrated across the organisation:

Celebrating ₹ 5,000 Cr. AUM

Happy Hours

Navratri Celebration

Women's Day

BOARD OF DIRECTORS

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

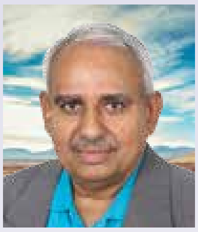
He manages the Company with the guidance and support of the Board. He is a proficient and experienced industry practitioner with a brilliant track record. He has over two decades managed and propelled the Company's growth. His understanding and vision is among the key enablers for the consistent performance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

Mr. Mukesh C. Gandhi
Co-Founder, Whole-Time Director & CFO

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

Mrs. Darshana S. Pandya
Director & CEO

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

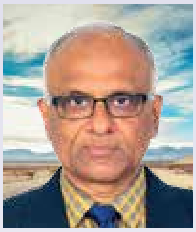


Mr. Balabhaskaran N. Nair
Independent Director

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

Mr. Chetan R. Shah
Independent Director

He holds bachelor's degrees in commerce and law (general) from Gujarat University. He is also a qualified chartered accountant registered with the Institute of Chartered Accountants of India. He has over 34 years of experience in the financial services sector and has in the past worked with the Natpur Co-operative Bank as the Manager – Finance.



Mr. Umesh R. Shah
Independent Director

He is a Chartered Accountant. He has more than 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.

Mrs. Daksha Niranjan Shah
Independent Director

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

CORPORATE INFORMATION

CORPORATE IDENTIFICATION NO.
L65910GJ1995PLC026064

REGISTERED OFFICE
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)

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

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. Mukesh C. Gandhi
Mr. Ankit Jain

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

INVESTOR RELATIONS
Mr. Ankit Jain

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

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

DEBENTURE TRUSTEE
CATALYST TRUSTEESHIP LTD.
GDA House, Plot No. 85 Bhusari Colony, Paud Road, Pune - 411 038

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

LIST OF BANKING RELATIONSHIPS & SUBSCRIBERS TO DEBT ISSUES
ANDHRA BANK
AXIS BANK LIMITED
AU SMALL FINANCE BANK LIMITED
BAJAJ FINANCE LIMITED
BANK OF BARODA
BANK OF INDIA
BANK OF MAHARASHTRA
BARODA GUJARAT GRAMIN BANK
CANARA BANK
CENTRAL BANK OF INDIA
HDFC BANK LIMITED
ICICI BANK LIMITED
IDBI BANK LIMITED
IDFC FIRST BANK LIMITED
INDIAN BANK
INDIAN OVERSEAS BANK
KOTAK MAHINDRA BANK LIMITED
MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED
ORIENTAL BANK OF COMMERCE
PUNJAB NATIONAL BANK
SHINHAN BANK
MICRO UNITS DEVELOPMENT & REFINANCE AGENCY LIMITED
THE SOUTH INDIAN BANK LIMITED
STATE BANK OF INDIA
SUNDARAM FINANCE LIMITED
SYNDICATE BANK
TAMILNAD MERCANTILE BANK LIMITED
TATA CAPITAL FINANCIAL SERVICES LIMITED
THE FEDERAL BANK LIMITED
RBL BANK LIMITED
UNION BANK OF INDIA
UNITED BANK OF INDIA

AUDIT COMMITTEE MEMBERS
Mr. Balabhaskaran Narayanan Nair *(Chairman)*
Mr. Chetan Ramniklal Shah *(Member)*
Mr. Umesh Rajanikant Shah *(Member)*

STAKEHOLDERS RELATIONSHIP COMMITTEE MEMBERS
Mr. Balabhaskaran Narayanan Nair *(Chairman)*
Mr. Mukesh C. Gandhi *(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. Mukesh C. Gandhi *(Chairman)*
Mrs. Darshana S. Pandya *(Member)*
Mr. Balabhaskaran Narayanan Nair *(Member)*

RISK MANAGEMENT COMMITTEE MEMBERS
Mr. Chetan Ramniklal Shah *(Chairman)*
Mr. Mukesh C. Gandhi *(Member)*
Mr. Umesh Rajanikant Shah *(Member)*

NOTICE

NOTICE is hereby given that the Twenty Fifth (25th) Annual General Meeting (AGM) of the members of MAS Financial Services Limited will be held at 11:30 A.M. on Wednesday the 9th day of December, 2020 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 year ended on March 31, 2020 and the Reports of the Board of Directors and the Auditors thereon.

2. To appoint a Director in place of Mr. Mukesh Chimanlal Gandhi (DIN: 00187086), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. Appointment of Mrs. Darshana Pandya (DIN: 07610402) as Whole-time Director of the Company for a period of 5 years.

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

   "**RESOLVED THAT** pursuant to the provisions of the Sections 196, 197, 203, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) in context of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), and the Articles of Association of the Company, and in pursuance to recommendation of Nomination and Remuneration Committee of the Company, Mrs. Darshana Pandya (DIN: 07610402), who has signified her consent in the Form DIR-2, be and is hereby appointed as the Whole-time Director of the Company for a period of Five years w.e.f. July 31, 2019 and whose office is liable to retire by rotation.

   RESOLVED FURTHER THAT the aggregate amounts of Managerial Remuneration to be paid to Mrs. Darshana Pandya (DIN: 07610402) individually which shall be within the overall ceiling limit as laid down in Section 197 and other applicable provisions of the Companies Act, 2013 and any amendment thereof.

   RESOLVED FURTHER THAT approval of members of the Company be and is hereby given to the Board of Directors of the Company (including Committee thereof) to make any further revision in the remuneration payable to Mrs. Darshana Pandya during the tenure of her appointment which shall be within the overall ceiling limits as laid down in Section 197 and other applicable provisions of the Companies Act, 2013 and any amendments thereof.

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

4. Approval for increasing the Borrowing Powers under Section 180(1)(c) of the Companies Act, 2013 up to ₹ 7,500 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 23rd Annual General Meeting of the members of the Company held on 27th June, 2018, 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 ₹ 7,500 crores (Rupees Seven Thousand Five Hundred 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."

5. 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 23rd Annual General Meeting of the members of the Company held on 27th June, 2018 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 : 11th November, 2020

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. Read with, Registrar of Companies, Gujarat, Dadra & Nagar Haveli, vide its Order No. ROC-GJ/AGM Ext./2020-21/1462 dated 8th September, 2020 granted extension for holding Annual General Meeting (AGM) for the financial year ended 31st March, 2020 up to 31st December, 2020.

2. In terms of Section 152 of the Companies Act, 2013, Mr. Mukesh Gandhi (DIN: 00187086), Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself 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.

3. The Explanatory Statement, pursuant to Section 102(2) of the Companies Act, 2013 in respect of the special businesses under item No. 3 to 5 annexed hereto.

4. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, December 3, 2020 to Wednesday, December 9, 2020, (both days inclusive).

5. 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.

6. 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).

7. 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.

8. 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 MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 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.

9. 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.

10. 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.

11. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, 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.

12. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.mas.co.in. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

13. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

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 Monday, 7th December, 2020 (upto 05:00 P.M.) through email on riddhi_bhayani@mas.co.in. The same will be replied by the Company suitably.

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

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

(i) The voting period begins on at 09:00 A.M. on Saturday, December 5, 2020 and ends at 05:00 P.M. on Tuesday, December 8, 2020. 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, December 2, 2020 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) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on "Shareholders" module.

(v) 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.

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

(vii) 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.

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

For Shareholders holding shares in Demat Form 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.
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 as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) 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.

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

(xii) Click on the EVSN: 201111014 for the MAS Financial Services Limited on which you choose to vote.

(xiii) 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.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) 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.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

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

(xviii) 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.

(xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHO'S 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 provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to riddhi_bhayani@mas.co.in.

3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

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

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

4. 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.

5. 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 starting from Saturday, December 5, 2020 (from 09:00 A.M.) to Monday, December 7, 2020 (upto 05:00 P.M.) 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 starting from Saturday, December 5, 2020 to Monday, December 7, 2020 mentioning their name, demat account number/folio number, email id, mobile number at riddhi_bhayani@mas.co.in. These queries will be replied to by the company suitably by email.

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

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

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

2. 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.

3. 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.

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

(xx) Note for Non – Individual Shareholders and Custodians

- 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 should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- 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 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.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, 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 1800225533.

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 48 hours 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 EXPLANATORY STATEMENT

INFORMATION AS REQUIRED UNDER REGULATION 36(3) SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IN RESPECT OF DIRECTORS BEING REAPPOINTED / APPOINTED:

Particulars	Retire by Rotation
Name of the Director	Mr. Mukesh C. Gandhi
DIN	00187086
Date of birth	20/10/1957
Age	63 years
Qualification	He holds Bachelor's and Master's degrees in commerce from Gujarat University.
Experience (including expertise in specific functional area) / Brief Resume	He is Co-founder, Whole time director & CFO of the company. He has over 24 years of experience in the financial services sector, with our Company. He is actively involved in the strategic decisions of the company. He is well-known industry expert and a popular public speaker on various issues in Finance. He is an academician and Chairman of Gujarat Finance Company Association & also the committee Member of Finance Industry Development Council (FIDC).
Nature of his expertise in specific functional areas	Management & Finance
Terms and Conditions of Re-appointment	N.A.
Remuneration last drawn	₹ 844.98 Lakh (F.Y. 2019-20)
Remuneration proposed to be paid	As per existing terms and conditions
Date of first appointment on the Board	25th May, 1995
Shareholding in the company	1,61,55,814 (29.56%) Equity Shares as on March 31, 2020.
Relationship with other Directors/Manager and other Key Managerial Personnel of the company	Elder brother of Mr. Kamlesh Gandhi, Chairman & Managing Director of the Company.
Number of Meetings of the Board attended during the year 2019-20	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.*	Stakeholders Relationship Committee – Member in MAS Financial Services Limited.

Particulars	Appointment
Name of the Director	Mrs. Darshana Saumil Pandya
DIN	07610402
Date of birth	17/11/1972
Age	48 years
Qualification	She holds Bachelor's degrees in Commerce from Gujarat University.
Experience (including expertise in specific functional area) / Brief Resume	She has over 24 years of experience in the financial service sector. She is responsible for leading the operations at MAS and also the relationship of the company with its more than 90 NBFC-MFI & NBFC Partners. She is a commerce graduate who joined the company in 1996 as a junior executive and through her hard work, immaculate working and determination to excel, accompanied by enabling support from the management; rose to the level of Director of the Company in 2016.
Nature of her expertise in specific functional areas	Finance & Management – Operations
Terms and Conditions of Appointment	Mrs. Darshana Pandya is appointed as Whole Time Director in the meeting of the Board of Directors held on 31st July, 2019 for a period of 5 years subject to approval of the members of the Company in the ensuing General Meeting of the Company.
Remuneration last drawn	₹ 32.68 Lakhs (F.Y. 2019-20)
Remuneration proposed to be paid	As per the resolution passed by the Board of Directors at the Meeting held on 31st July, 2019 subject to approval of shareholders.
Date of first appointment on the Board	23rd September, 2016
Shareholding in the company	15,434 (0.0282%) Equity Shares as on March 31, 2020
Relationship with other Directors/Manager and other Key Managerial Personnel of the company	NIL
Number of Meetings of the Board attended during the year 2019-20	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.*	NIL

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

ANNEXURE TO THE NOTICE

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

As required under Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 3 to 5 of the Notice.

Item No.: 3 Appointment of Mrs. Darshana Pandya as the Whole time Director.

Mrs. Darshana Pandya (DIN: 07610402), aged 48 years, is Director of our Company. She was appointed as Whole Time Director of the Company by the Board of Directors at its meeting held on 31st July, 2019, subject to the approval of shareholders in the ensuing General Meeting. She holds Bachelor's degrees in Commerce from Gujarat University. She has over 24 years of experience in the financial service sector. She is responsible for leading the operations at MAS Financial Services Limited and also the relationship of the company with its more than 90 NBFC-MFI & NBFC Partners. She is a commerce graduate who joined the company in 1996 as a junior executive and through her hard work, immaculate working and determination to excel, accompanied by enabling support from the management; rose to the level of Director of the Company in 2016.

She has been associated with our Company as an Executive Director since 23rd September, 2016.

As per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective meetings held on 30th July, 2019 and 31st July, 2019, subject to approval of Members at the ensuing General Meeting, Mrs. Darshana Pandya (DIN: 07610402) is appointed as Whole Time Director of the Company for a period of 5 years, with effect from 31st July, 2019 on the terms and conditions as set out in this item of the Notice and as per agreement executed between Mrs. Darshana Pandya (DIN: 07610402) and the Company and whose office shall 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 Mrs. Darshana Pandya (DIN: 07610402) 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. 3 of the Notice for approval of the Members.

Item No.: 4 & 5

In terms of the provisions of Section 180 (1) (a) and 180 (1) (c) of the Companies Act, 2013 read with applicable rules framed thereunder, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, dispose of its property (including creation of charge on assets of the Company) and borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves (reserves not set apart for any specific purpose). At the Annual General Meeting of the Company held on 27th June, 2018, 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 ₹ 5,000 Crores (Rupees Five Thousand 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 ₹ 5,000 crores to an amount not exceeding at any time a limit of ₹ 7,500 crores (Rupees Seven Thousand Five Hundred 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. 4 & 5 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. 4 & 5 of the Notice for approval of the Members.

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 : 11th November, 2020

Contact Details:	
Company	MAS Financial Services Limited 6, Narayan Chambers, Ground Floor, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009. CIN: L65910GJ1995PLC026064
Company Secretary & Compliance Officer	Ms. Riddhi Bhaveshbhai Bhayani Email Id: riddhi_bhayani@mas.co.in
Registrar and Transfer	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 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 25th ANNUAL REPORT of your Company together with the Audited Accounts drawn for the year ended on March 31, 2020.

The summarised financial results of the Company are presented hereunder:

FINANCIAL RESULTS:

(Amount in ₹ Lakhs)

Particulars	Standalone		Consolidated	
	Year Ended on 31st March, 2020	**Year Ended on 31st March, 2019**	**Year Ended on 31st March, 2020**	**Year Ended on 31st March, 2019**
Revenue from Operations	68,239.78	57,233.34	72,205.89	60,457.65
Other Income	71.75	24.68	35.91	12.01
Total Income	**68,311.53**	**57,258.02**	**72,241.80**	**60,469.66**
Total Expenditure	**44,863.77**	**33,865.07**	**48,381.61**	**36,668.85**
Profit Before Tax	23,447.76	23,392.95	23,860.19	23,800.81
Provision for Taxation (Including Current tax, Deferred Tax & Income Tax of earlier Years)	5,626.45	8,181.44	5,734.05	8,340.16
Net Profit	**17,821.31**	**15,211.51**	**18,126.14**	**15,460.65**
Profit Brought Forward	27,309.10	17,557.38	27,578.60	17,755.10
Net Profit after profit attributable to minority shareholders	-	-	17,995.76	15,353.69
Effect of changes in Group's interest	-	-	-	13.15
Item of other comprehensive income recognised directly in retained earnings - on defined benefit plan	(22.21)	(9.51)	(24.06)	(8.19)
Transition impact of Ind-AS 116	(10.31)	-	(12.45)	-
Profit Available for Appropriation	**45,097.89**	**32,759.38**	**45,537.85**	**33,113.75**
APPROPRIATIONS:				
Transfer to reserve u/s 45-IC of RBI Act, 1934	3,564.26	3,042.30	3,564.26	3,042.30
Transfer to reserve u/s 29-C of NHB Act, 1987	-	-	53.04	61.28
Final Dividend on equity shares	1,967.83	1,180.70	1,967.83	1,180.70
Interim Dividend on Equity Shares	4,372.96	819.93	4,372.96	819.93
Final Dividend on Preference shares	-	-	-	19.09
Dividend distribution tax on Equity Shares	1,307.26	407.35	1,308.56	407.91
Dividend distribution tax on Preference Shares	-	-	-	3.95
Surplus Balance carried to Balance Sheet	**33,885.58**	**27,309.10**	**34,271.20**	**27,578.60**

COVID-19

The SARS-Cov-2 virus responsible for COVID-19 continues to spread across the globe and India. It has contributed to a significant decline and volatility in global and Indian Financial Markets and a significant decrease in the economic activities. On March 11, 2020, the COVID-19 outbreak was declared as a global pandemic by the World Health Organization. On March 24, 2020, the Indian Government had announced a strict 21-days lockdown which kept on getting extended across the country with gradual and modest relaxations.

The operations of the Company were shut down as per the lockdown directives of Government. As of March 31, 2020 work from home was enabled to close to 95% of the employees; offices have been closed or have had access significantly restricted, in accordance with local regulations and guidance. The basic operations of the company were swiftly redesigned to operate from the remote locations and a high degree of efficiency was achieved due to the support of the IT team. As we assess the changing needs of our business, we will do whatever is necessary to support the system and safeguard the future of our company. The Company formally placed on record a brief con-call update, in the aftermath of COVD-19 outbreak to our various stakeholders about measures taken to maintain business services and reporting of status. Further, in compliance with the various directives of the Government, operations of the Company have been resumed in the permitted manner. The operations at the office are currently working in a full capacity by maintaining social distancing. Many employees who belong from containment zone have been allowed the facility to work from home where their job duty permits it, until further notice by the management. In our efforts for the health and well-being of employees, steps have been taken to ensure efficient workplace; have moved meetings and trainings to virtual formats.

Further the Company has not laid off a single employee due to the pandemic and has no plans to lay off anyone because of the impacts of Covid-19. Also the Company has paid full salaries to employees during the lockdown period. For the Company, the focus immediately shifted to ensuring the health, safety and well-being of all employees & stakeholders, and on minimizing disruption to business operations of the Company.

We are more resilient and determined than ever before to face this unprecedented challenge that we have witnessed never before. The main plank during the pandemic was to closely engage with our borrowers and understand and educate them on the various aspects of not only the loan taken from us but also on their overall financial planning. This resulted in to a very positive response from almost all the borrowers and we are thankful to them for demonstrating a very high level of financial discipline. The Company on its part extended moratorium during the period of lockdown to all the eligible borrowers.

The human resource of the company stood up to this challenge and ensured continuity irrespective of their location of work which was ably supported by the technology and the software team. In consistence to the belief of the Company team MAS demonstrated high level of capabilities and grit in facing this challenge.

The financial implications of this pandemic will unfold over the next few quarters which is endeavored to be mitigated through prudent Covid-19 provisioning to the extent of 0.61% of our on book assets as of March, 2020. All our efforts will be made to engage with the borrowers and monitor each and every account closely to maintain the quality of the assets which has been the hallmark of our working over these years.

The high capitalization levels and an immaculate track record have kept the Company in good stead in maintaining comfortable liquidity position and also healthy ALM.

BUSINESS PERFORMANCE:

In the year 2019-20 the Company has registered a robust growth of 11.76% on YoY basis. Asset under Management is ₹ 5966.28 Crore (Previous year ₹ 5,338.37 Crore).

The gross income realized by the Company is ₹ 683.12 crore (Previous year ₹ 572.58 crore) comprising of income from operations and other income. Net Profit after tax is ₹ 178.21 crore (Previous year ₹ 152.11 crore), registering a robust growth of 17.16% over the previous year. The Earning per share is ₹ 32.60 (Previous years ₹ 27.83)

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

PROSPECTS AND DEVELOPMENTS:

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

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

SMALL AND MEDIUM ENTERPRISE LOAN:

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

In consonance to our policy of building up quality assets, we are confident of creating quality assets in this segment too. The focus remains on states of operation namely Gujarat and Maharashtra and as planned we have expanded our reach to Madhya Pradesh and Rajasthan from this year.

TWO WHEELER AND COMMERCIAL VEHICLE FINANCING:

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

HOUSING FINANCE:

MRHMFL (MAS Rural Housing & Mortgage Finance Ltd. – subsidiary of MFSL) aims at serving the middle income and the lower income sector of the economy, especially in the semi urban and rural areas, which are reckoned to be the key drivers of the sector in the coming decades. Full-fledged efforts are on to execute efficiently, as per the detail planning. Being aware of the challenges involved in serving this class of the society, a very cautious approach is adopted in building up volumes. Nevertheless, Company is quite confident of building substantial volumes in the near future. The Company's rural initiative will also start yielding results shortly.

The Company has 69 branches Pan India as on March 31, 2020. 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:

In continuation of our last year's efforts the process of expanding its operations in the various region of Rajasthan, Maharashtra, Madhya Pradesh, Tamil Nadu, Karnataka besides Gujarat is in progress. During the year Company has started operations in Lunawada, Bodeli, Rajula, Kodinar, Siddhpur, Satlasana, Visnagar, Limbdi, Keshod, Mandvi, Jhalod, Mundra, Deesa, Bavla, Viramgam, Kheda, Jasdan, Dhanera, Kathlal, Kamrej and Tharad in Gujarat, Ujjain and Shivpuri in Madhya Pradesh, Sangamner and Bhandara in Maharashtra and added one more branch each in Jaipur and Jodhpur cities of Rajasthan.

PARTNERING WITH REGIONAL NBFCs AND NBFC-MFIs:

Over the period of last 10 years of our working with this sector, our belief is further strengthened, that financial inclusion in a country like India is a function of efficient last mile delivery of credit, for which a very robust value chain has to be nurtured and developed. NBFCs in special play a pivotal role in this value chain. This business model withstood its credibility and our expectations even during the most trying period during the last year.

Partnering with regional NBFCs and NBFC-MFIs for distribution of various products and providing them the line of credit also remains one of the major business plans. We firmly believe that the players having proximity to the region are the most potential organization in the last mile delivery of credit. We not only fund them but also share with them the domain expertise, which the company possesses through its vintage of more than two decades. We continue to get encouraging response from our entire partner NBFCs and are keen to leverage the relationships for mutual benefits. Currently we have very strong relationships with more than 100 such organizations.

RESOURCES:

HUMAN RESOURCE MANAGEMENT AT MAS:

Human Resource Management plays a very important role in realizing the Company's objective. The Company is managed by the active involvement of the promoters along with strategic inputs from a well-diversified and competent board.

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

The articulation and implementation of the strategies is carried on by the core team along with Team MAS. Core team at MAS is a group of dedicated and competent team of personnel, associated with the company almost since its inception and have always extended unstinting support besides, having identified and aligned their career objective with the company.

The Company has a diverse workforce of 887 employees as on 31st March, 2020. 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:

After getting its securities listed, this year was the humbling experience and the respect accorded to the Company by the investors across all the categories to say the least. The Company in tandem with its philosophy of pursuing the mission of "Excellence through Endeavours" will strive to maximize the shareholders' value.

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

The Company by virtue of its performance over the years enjoys very good relationship 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, 2020, the Company's Capital Adequacy Ratio (CAR), stood at 31.97% 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.

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

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

BOARD MEETINGS HELD DURING THE YEAR:

The Company held 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	08.05.2019	7	7
2	31.07.2019	7	7
3	06.11.2019	7	7
4	05.02.2020	7	7
5	19.02.2020	7	7

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 were in place and were adequate and operating effectively.

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

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

AUDITORS:

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

In the Board Meeting held on May 8, 2019 M/s. Ravi Kapoor & Associates, Practising Company Secretaries were appointed as Secretarial Auditor of the Company for the financial year 2019-20.

SECRETARIAL AUDIT REPORT:

Pursuant to Section 204 of the Companies Act, 2013, and in pursuant to Reg. 24A of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) (Amendments) Regulations, 2018 the unqualified Secretarial Audit Report for the Financial Year ended 31st March, 2020 given by Ravi Kapoor & Associates, Practicing Company Secretaries is annexed to this Report as an **"Annexure – C"**.

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

(i) By the auditor in his report;

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

(ii) By the company secretary in practice in his secretarial audit report;

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

FRAUDS REPORTED BY THE AUDITOR

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

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

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

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 23rd December, 2010 and the nomenclature of the Nomination committee was changed to "Nomination and Remuneration Committee" on 20th March, 2015 pursuant to Section 178 of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, by way of resolution passed in accordance with, provisions of the Companies Act, 2013. The Nomination & Remuneration Committee consists of three Independent Directors. The powers and function of the Nomination and Remuneration Committee is stated in the Nomination and Remuneration Committee Charter of MAS Financial Services Limited. The copy of Nomination and Remuneration policy is available at the Website of the Company i.e. https://www.mas.co.in/policy.aspx

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

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

During the financial year, the Company has approved the investment in 6% 100,00,000 Non-Cumulative Optionally Convertible Preference Shares ("OCPS") of ₹ 10/- each at par aggregating to ₹ 10,00,00,000/- (Rupees Ten Crores Only) in MAS Rural Housing & Mortgage Finance Limited pursuant to approval accorded by Finance Committee at its meeting held on Thursday, August 29, 2019 and further has decided to invest funds upto ₹ 6,00,00,000 (Rupees Six Crores Only) in MAS Rural Housing & Mortgage Finance Limited pursuant to approval accorded by Finance Committee at its meeting held on Wednesday, August 28, 2019.

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

All Contracts / Arrangements / Transactions entered by the Company during the financial year with related parties were in ordinary course of business and on arm's length basis. Particulars of such related party transactions described in Form AOC-2 as required under Section 134 (3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, which is annexed herewith as **"Annexure - D"**.

The board has approved a policy for related party transactions which has been hosted on the web site of the Company. The web-link for the same is 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 ₹ 35.64 crore transferred to statutory reserve under Section 45 IC of RBI Act, 1934.

DIVIDEND:

The Company paid Final Dividend of ₹ 3.60/- (Rupees Three and Sixty Paise Only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (36%) aggregating to ₹ 19,67,83,354.80/- (Rupees Nineteen Crore Sixty Seven Lakh Eighty Three Thousand Three Hundred Fifty Four and Eighty Paise only) for the F.Y. 2018-19. The same was recommended by Board of Directors in their meeting held on May 08, 2019 which was subsequently approved by members in the 24th Annual General Meeting held on 26th June, 2019. The said dividend was paid on 3rd July, 2019. An amount of ₹ 4,04,49,397/- was paid as dividend distribution tax on the dividend.

During the year under review, the Company had paid an interim dividend of ₹ 2/- (Rupees Two only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (20%) aggregating to ₹ 10,93,24,086/- (Rupees Ten Crore Ninety Three Lakh Twenty Four Thousand Eighty Six only). The same was declared by Board of Directors in their meeting held on November 06, 2019. The said dividend was paid on 26th November, 2019. An amount of ₹ 2,24,71,883/- was paid as dividend distribution tax on the dividend.

Further during the year under review, the Company had paid second interim dividend of ₹ 6/- (Rupees Six only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (60%) aggregating to ₹ 32,79,72,258/- (Rupees Thirty Two Crore Seventy Nine Lakh Seventy Two Thousand Two Hundred and Fifty Eight only). The same was declared by Board of Directors in their meeting held on February 02, 2020. The said dividend was paid on 6th March, 2020. An amount of ₹ 6,74,15,662/- was paid as dividend distribution tax on the dividend.

Cumulatively, the Board of Directors of your company has declared / recommended a total Dividend of ₹ 8 per equity shares of ₹ 10 each (@ 80 %) for the year under review.

The dividend declared is in accordance with the criteria as set out in the Dividend Distribution Policy which has been approved by the board of directors. Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the policy is provided as **"Annexure E"** to this Report. The weblink for the same is 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 NPA of the Company is 1.10% of Asset under Management.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR):

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

As a part of CSR initiative, the Company has identified many bright students from more than 20 Schools who have completed their Standard 8 and wish to pursue their higher studies but are financially challenged and cannot afford basic requirements. The Company has sponsored their fees, school bags, stationeries, for undergoing higher studies and uniform. Your company believes that education is one of the most important investments which can create positive impact on society. Also, the Company has started constructing roof and shed to provide basic infrastructure to children in schools.

The Company has identified places where people were not getting fresh drinking water. In order to develop rural area and promoting health and sanitation Company installed RO Plant in Badalpur School. Further your Company has contributed for the welfare and treatment of cancer patients at Gujarat Cancer Society, Ahmedabad.

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

The Company is trying to explore more students to ensure that benefits reaches directly to the needed students and the process is likely to take some more time to enable the Company to spend the entire required amount to be spend for CSR as per the provisions of Companies Act, 2013.

The board has approved a CSR policy which has been hosted on the web site of the Company. The web-link for the same is https://www.mas.co.in/policy.aspx.

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

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

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

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

(a) Performance of the directors; and

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

Criteria adopted for evaluation:

The Board shall evaluate the roles, functions, duties of Independent Directors (ID's) of the Company. Each ID shall be evaluated by all other directors' not by the Director being evaluated. The board shall also review the manner in which ID's follow guidelines of professional conduct. 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 only one subsidiary company i.e. MAS Rural Housing and Mortgage Finance Limited. Pursuant to the provision of Section 129(3) of the Companies Act, 2013, the performance and financial position of Subsidiaries, Associates and Joint Venture companies are described in Form AOC-1 which is annexed herewith as **"Annexure - G"**. Further the Company does not have any Joint Venture or Associate Company.

PARTICULARS OF EMPLOYEES:

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

THE CHANGE IN NATURE OF BUSINESS:

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 deposit outstanding as on March 31, 2020.

CAPITAL STRUCTURE:

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

DEBENTURES:

During the year under review there was no change in the following two Non-Convertible Debentures of the Company.

- 200 Rated, Listed, Unsecured Redeemable Non-convertible Debentures ("NCDs") of face value of ₹10,00,000/- (Rupees Ten Lakh Only) each aggregating to ₹ 20,00,00,000/-(Rupees Twenty Crores) bearing ISIN INE348L08025 at the rate of 13.50% p.a. &
- 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

The Company in its Board Meeting held on June 16, 2020 further approved the borrowing of funds by way of issuance of Secured, Rated, Listed, Redeemable, Non-Convertible, taxable debentures up to an aggregate amount of Rs. 500 Crores, in one or more tranches through Private placement. Accordingly the following NCDs were issued till the date of this report:

- 1000 Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-convertible Debentures ("NCDs") of face value of Rs.10,00,000/- (Rupees Ten Lakhs Only) each aggregating to Rs. 100,00,00,000/-(Rupees One Hundred Crores) bearing ISIN INE348L07043 at the rate of 9.00% p.a.
- 500 Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-convertible Debentures ("NCDs") of face value of Rs.10,00,000/- (Rupees Ten Lakhs Only) each aggregating to Rs. 50,00,00,000/-(Rupees Fifty Crores) bearing ISIN INE348L07050 at the rate of 9.00% p.a.
- 1000 Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-convertible Debentures ("NCDs") of face value of Rs.10,00,000/- (Rupees Ten Lakhs Only) each aggregating to Rs. 100,00,00,000/-(Rupees One Hundred Crores) bearing ISIN INE348L07068 at the rate of 9.00% p.a.

STATUTORY COMPLIANCE:

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

COMPLIANCE WITH SECRETARIAL STANDARDS:

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

MATERIAL ORDER PASSED 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:

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

INSURANCE:

The assets of your Company have been adequately insured. 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) Mr. Mukesh Gandhi, (DIN: 00187086) Whole time Director & CFO of the Company is liable to retire by rotation at the ensuing AGM and being eligible offers himself for reappointment.

The Board of Directors in its meeting held June 02, 2020, on the recommendations of the Nomination and Remuneration Committee (NRC), further recommends to the members of the Company for re-appointment of Mr. Mukesh Gandhi, (DIN: 00187086), as Director.

During the year, the Board of Directors in its meeting held on July 31, 2019, on the recommendations of the NRC, had appointed Mrs. Darshana Pandya (Din: 07610402) as the Whole time Director of the Company with effect from July 31, 2019 for a period of five years subject to the approval of the members in the ensuing general meeting.

Necessary resolutions for the appointment of the aforesaid directors and their detailed profiles have been included in the notice convening the 25th 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.

During the year under review, following Directors were appointed / reappointed at the 24th Annual General Meeting (AGM) held on 26th June, 2019:

1. Appointment of Mrs. Daksha Shah (DIN: 00376899) as Woman Independent Director of the Company for a term of 1 year w.e.f. 14th March, 2019.
2. Re-appointment Mr. Kamlesh C. Gandhi (DIN: 00044852) as the Managing Director of the Company for a term of 5 years w.e.f. 1st April, 2019.
3. Re-appointment Mr. Mukesh C. Gandhi (DIN: 00187086) as the Whole-time Director of the Company for a term of 5 years w.e.f. 1st April, 2019.
4. Re-appointment of Mr. Balabhaskaran (DIN: 00393346) as Independent Director of the Company for a term of 5 years w.e.f. 1st April, 2019.
5. Re-appointment of Mr. Chetan Shah (DIN: 02213542) as Independent Director of the Company for a term of 5 years w.e.f. 1st April, 2019.

Further, during the year under review, the Board of Directors of the Company appointed Key Managerial Personnels pursuant to Section 203 of Companies, 2013 at its meeting held on 6th November, 2019, and appointed Mrs. Darshana S. Pandya as Chief Executive Officer of the Company, as being promoted to Director & CEO and appointed Mr. Ankit Jain as Chief Financial Officer of the Company, being promoted from Vice President – Finance to Chief Financial Officer of the Company.

Also, during the year under review the Nomination and Remuneration Committee at its meeting held on 5th February, 2020, recommended re-appointment of Mrs. Daksha Shah (DIN: 00376899) to the Board of Directors of the Company taking into consideration various factors including number of board, and general meetings attended by the Independent Director; summary of performance evaluation; her physical fitness & mental alertness; knowledge & experience in her fields; her participation in the Board deliberations; her specialised skills and expertise and her independent judgment in the opinion of the entire Board.

As per the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 5th February, 2020, taking into consideration the integrity, expertise and experience of Mrs. Daksha Shah (DIN: 00376899), has unanimously decided to re-appoint Mrs. Daksha Shah (DIN: 00376899) having Registration No. IDDBDI-202002-006975 of Director in Independent Director's Data Bank as a Woman Independent Director of the Company for a period of 5 years, with effect from 14th March, 2020 and whose office shall not be liable to retire by rotation, subject to approval of Members by passing special resolution through postal ballot and e-voting. The Board's decision as above is notwithstanding the fact that Mrs. Daksha Shah shall attain the age of seventy five (75) years during her further term as Woman Independent Director of the Company.

Mrs. Daksha Shah (DIN: 00376899) was re-appointed as Woman Independent Director of the Company for a second term of 5 years w.e.f. 14th March, 2020, as approved by members of the Company by passing special resolution through postal ballot.

Ratio of remuneration of each director to the calculation of median employee's remuneration and other prescribed details

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

REPORTS ON MANAGEMENT DISCUSSION ANALYSIS AND CORPORATE GOVERNANCE:

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

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

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

We have also constituted a Special Complaints Committee to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there were no incidences of sexual harassment reported.

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:

The Audit Committee consists of the following members:

a) Mr. Bala Bhaskaran (Independent Director) – Chairman

b) Mr. Chetan Shah (Independent Director) – Member

c) Mr. Umesh Shah (Independent Director) – Member

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 Meeting of Audit Committee held during the year: 4

The Audit Committee met (4) Four times during the financial year under review.

Sr. No.	Date on which Audit Committee Meetings were held	Total Strength of the Committee	No. of Members Present
1	07.05.2019	3	2
2	30.07.2019	3	3
3	05.11.2019	3	3
4	05.02.2020	3	3

The Company has established a vigil mechanism and overseas through the Committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company. The board has approved a policy for vigil mechanism which has been hosted on the website of the Company. The web-link for the same is 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-K"**.

BUSINESS RESPONSIBILITY REPORT:

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

CREDIT RATING:

During the year, your Company's long term credit ratings have been reaffirmed to ACUITE AA- with Stable Outlook. Also, your company's short term rating remains the highest ACUITE A1+ by Acuite Ratings & Research. The Credit rating was obtained from Acuite Ratings & Research on 6th March 2020.

DISCLOSURE FOR MAINTENANCE OF COST RECORDS:

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

RECOGNITION:

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

ACKNOWLEDGEMENT:

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

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

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

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)

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

Place : Ahmedabad
Date : 11th November, 2020

Annexure -A

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2020
Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

1. REGISTRATION AND OTHER DETAILS:

1	CIN	L65910GJ1995PLC026064
2	Registration Date	25/05/1995
3	Name of the Company	MAS Financial Services Limited
4	Category/Sub-category of the Company	Company limited by shares
5	Address of the Registered office & contact details	6, Narayan Chambers, Ground Floor, B/h Patang Hotel, Ashram Road, Ahmedabad – 380 009. Ph No. - 079-41106500 Website: www.mas.co.in
6	Whether listed company	Yes [Bombay Stock Exchange (BSE Limited) and National Stock Exchange of India Limited (NSE)]
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited **Registered Office Address:** C-101, 1st Floor, 247 Park Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083 Tel No.: +91 22 -49186200 Fax No.: +91 22 -49186195 Email: mas.ipo@linkintime.co.in Web: www.linkintime.co.in **Branch/Correspondence Address:** 506 To 508, Amarnath Business Centre – 1, Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off. Chimanlal Girdharlal Rd, Sardar Patel Nagar, Ellisbridge, Ahmedabad – 380006 Tel No.: +91 79 26465179/86/87 Fax No.: +91 79 26465179

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/Service	% to total turnover of the company
1.	The Company is mainly engaged into retail lending business, comprising of micro, small and medium enterprises, two wheelers, three wheelers & Multi-utility vehicles loans to individual borrowers and loans to MFI and NBFC. The Company has 105 branches and is catering to more than 3450 centers with centralized credit and back office system at Central Processing Unit at head office, Ahmedabad.	64990	100% to total turnover of the Company.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	MAS Rural Housing & Mortgage Finance Limited Address: 4th Floor, Narayan Chambers, B/h Patang Hotel, Ashram Road, Ahmedabad – 380 009.	U74900GJ2007PLC051383	Subsidiary	59.67% (Holding 1,26,64,893 shares in MAS Rural Housing & Mortgage Finance Limited)	Section 2(87) of Companies Act, 2013.

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

I) CATEGORY-WISE SHAREHOLDING

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2019)				No. of Shares held at the end of the year (as on March 31, 2020)				% change in Shareholding during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF*	3,87,92,964	-	3,87,92,964	70.9687	3,88,22,520	-	3,88,22,520	71.0228	+0.0541
b) Central Govt. Or State Govt.	-	-	-	-	-	-	-		-
c) Bodies Corporate*	13,67,082	-	13,67,082	2.5010	14,00,724	-	14,00,724	2.5625	+0.0615
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	
SUB TOTAL: (A) (1)	**4,01,60,046**	**-**	**4,01,60,046**	**73.4697**	**4,02,23,244**	**-**	**4,02,23,244**	**73.5853**	**+0.1156**
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL: (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL SHAREHOLDING OF PROMOTER (A)= (A)(1)+(A)(2)	**4,01,60,046**	**-**	**4,01,60,046**	**73.4697**	**4,02,23,244**	**-**	**4,02,23,244**	**73.5853**	**+0.1156**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	52,21,281	-	52,21,281	9.5519	48,52,144	-	48,52,144	8.8766	-0.6753
b) Banks/FI	10,373	-	10,373	0.0190	5,475	-	5,475	0.0100	-0.0090
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS – Foreign Portfolio Investor	14,05,642	-	14,05,642	2.5715	8,33,716	-	8,33,716	1.5252	-1.0463
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) - Alternate Investment Funds	6,62,405	-	6,62,405	1.2118	10,13,148	-	10,13,148	1.8535	+0.6417
SUB TOTAL (B)(1):	**72,99,701**	**-**	**72,99,701**	**13.3542**	**67,04,483**	**-**	**67,04,483**	**12.2653**	**-1.0889**
(2) Non Institutions									
a) Bodies corporates									
i) Indian	10,83,227	-	10,83,227	1.9817	11,51,268	-	11,51,268	2.1062	+0.1245
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	16,79,627	-	16,79,627	3.0727	21,03,470	-	21,03,470	3.8481	+0.7754
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	2,11,212	-	2,11,212	0.3864	2,26,086	-	2,26,086	0.4136	+0.0272

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2019)				No. of Shares held at the end of the year (as on March 31, 2020)				% change in Shareholding during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
- Trusts	39,90,422	-	39,90,422	7.3002	40,05,737	-	40,05,737	7.3282	+0.0280
- Hindu Undivided Family	99,660	-	99,660	0.1823	88,607	-	88,607	0.1621	-0.0202
- Non Resident Indians (Non Repat)	45,986	-	45,986	0.0841	52,175	-	52,175	0.0955	+0.0114
- Non Resident Indians (Repat)	74,451	-	74,451	0.1362	83,297	-	83,297	0.1524	+0.0162
- Clearing Member	17,679	-	17,679	0.0323	23,676	-	23,676	0.0433	+0.0110
- NBFCs registered with RBI	32	-	32	0.0001	-	-	-	-	-0.0001
SUB TOTAL (B)(2):	**72,02,296**	**-**	**72,02,296**	**13.1760**	**77,34,316**	**-**	**77,34,316**	**14.1493**	**+0.9733**
TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)	**1,45,01,997**	**-**	**1,45,01,997**	**26.5303**	**1,44,38,799**	**-**	**1,44,38,799**	**26.4147**	**-0.1156**
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	**5,46,62,043**	**-**	**5,46,62,043**	**100.00**	**5,46,62,043**	**-**	**5,46,62,043**	**100.00**	**0.00**

II) SHAREHOLDING OF PROMOTERS

Sl No.	Name of the Shareholder	Shareholding at the beginning of the year (As on April 1, 2019)			Shareholding at the end of the year (As on March 31, 2020)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	Mr. Mukesh C. Gandhi	1,61,55,814	29.5558	None	1,61,55,814	29.5558	None	0.00
2	*Mr. Kamlesh C. Gandhi	62,64,081	11.4597	None	62,81,583	11.4917	None	+0.0320
3	Mrs. Shweta Kamlesh Gandhi	1,63,38,450	29.8899	None	1,63,38,450	29.8899	None	0.00
4	M/S. Prarthna Marketing Private Limited	13,10,057	2.3966	None	13,10,057	2.3966	None	0.00
5	Mr. Dhvanil K Gandhi (Promoter Group)	34,619	0.0633	None	34,619	0.0633	None	0.00
6	*M/S. Anamaya Capital LLP (Promoter Group)	57,025	0.1043	None	90,667	0.1659	None	+0.0616
7	Ms. Dhriti Kamlesh Gandhi (Promoter Group)	0	0	None	12,054	0.0221	None	+0.0221

III) CHANGE IN PROMOTERS' SHAREHOLDING

Sl. No.	Particulars	Shareholding at the beginning of the Year (as on April 1, 2019)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1.	**MR. MUKESH C. GANDHI**				
	At the beginning of the year	1,61,55,814	29.5558	1,61,55,814	29.5558
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	1,61,55,814	29.5558	1,61,55,814	29.5558
2.	**MR. KAMLESH C. GANDHI**				
	At the beginning of the year	62,64,081	11.4597	62,64,081	11.4597
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date:13/03/2020 – MARKET BUY	2,808	0.0051	62,66,889	11.4648
	Date:20/03/2020 – MARKET BUY	3,194	0.0058	62,70,083	11.4706
	Date:27/03/2020 – MARKET BUY	4,000	0.0074	62,74,083	11.4780
	Date:31/03/2020 – MARKET BUY	7,500	0.0137	62,81,583	11.4917
	* At the end of the year	62,81,583	11.4917	62,81,583	11.4917
3.	**MRS. SHWETA KAMLESH GANDHI**				
	At the beginning of the year	1,63,38,450	29.8899	1,63,38,450	29.8899
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	1,63,38,450	29.8899	1,63,38,450	29.8899

Sl. No.	Particulars	Shareholding at the beginning of the Year (as on April 1, 2019)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
4.	**M/S. PRARTHNA MARKETING PRIVATE LIMITED**				
	At the beginning of the year	13,10,057	2.3966	13,10,057	2.3966
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	13,10,057	2.3966	13,10,057	2.3966
5.	**MR. DHVANIL K GANDHI**				
	At the beginning of the year	34,619	0.0633	34,619	0.0633
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	34,619	0.0633	34,619	0.0633
6.	**M/S. ANAMAYA CAPITAL LLP**				
	At the beginning of the year	57,025	0.1043	57,025	0.1043
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 03/01/2020 – MARKET BUY	10,000	0.0183	67,025	0.1226
	Date: 13/03/2020 - MARKET BUY	2,309	0.0042	69,334	0.1268
	Date: 20/03/2020 - MARKET BUY	5,333	0.0098	74,667	0.1366
	Date:27/03/2020 - MARKET BUY	8,500	0.0155	83,167	0.1521
	Date: 31/03/2020 - MARKET BUY	7,500	0.0138	90,667	0.1659
	*At the end of the year	90,667	0.1659	90,667	0.1659
7.	**MS. DHRITI KAMLESH GANDHI**				
	At the beginning of the year	0	0.00	0	0.00
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date:13/03/2020 – MARKET BUY	1,000	0.0018	1,000	0.0018
	Date:20/03/2020 – MARKET BUY	4,014	0.0074	5,014	0.0092
	Date:27/03/2020 – MARKET BUY	7,040	0.0129	12,054	0.0221
	*At the end of the year	12,054	0.0221	12,054	0.0221

Notes:

* 1. The following persons / entity belonging to promoter and promoter group of the Company have purchased the equity shares of the Company as on 30/03/2020 & 31/03/2020. However, the said shares were not reflected under the BENPOS received from Registrar and Transfer Agent as the same were in transit process. Therefore, we are unable to mention the said shares in this shareholding pattern filed with Stock Exchanges for the quarter ended on 31st March, 2020:

(i) Mr. Kamlesh Chimanlal Gandhi: 4,250 shares (purchased 2250 shares on 30/03/2020 & 2000 shares on 31/03/2020)

(ii) M/s. Anamaya Capital LLP: 4,327 shares (purchased 2223 shares on 30/03/2020 & 2104 shares on 31/03/2020)

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

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**M/S. VISTRA ITCL I LTD BUSINESS EXCELLENCE TRUST III INDIA BUSINESS**				
	At the beginning of the year	39,90,422	7.3002	39,90,422	7.3002
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 31/03/2020 – MARKET BUY	15,315	0.0280	40,05,737	7.3282
	At the end of the year (or on the date of separation, if separated during the year)	40,05,737	7.3282	40,05,737	7.3282
2	**M/S. AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS LONG TERM EQUITY FUND**				
	At the beginning of the year	24,30,695	4.4468	24,30,695	4.4468
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 05/04/2019 – MARKET BUY	15,763	0.0288	24,46,458	4.4756
	Date: 31/05/2019 - MARKET SELL	(1,00,000)	(0.1829)	23,46,458	4.2927
	Date: 07/06/2019 - MARKET BUY	1,00,000	0.1829	24,46,458	4.4756
	Date: 14/06/2019 - MARKET SELL	(277)	(0.0005)	24,46,181	4.4751
	Date: 09/08/2019 – MARKET BUY	11,984	0.0219	24,58,165	4.4970
	Date: 16/08/2019 - MARKET BUY	51,225	0.0937	25,09,390	4.5907
	Date: 23/08/2019 - MARKET BUY	2,255	0.0042	25,11,645	4.5949

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date: 20/09/2019 – MARKET BUY	10,370	0.0189	25,22,015	4.6138
	Date: 27/09/2019 - MARKET BUY	33,023	0.0604	25,55,038	4.6742
	Date: 25/10/2019 - MARKET BUY	2,244	0.0042	25,57,282	4.6784
	Date: 01/11/2019 - MARKET BUY	22,458	0.041	25,79,740	4.7194
	Date: 08/11/2019 - MARKET BUY	63,664	0.1165	26,43,404	4.8359
	Date: 15/11/2019 – MARKET BUY	52,761	0.0965	26,96,165	4.9324
	Date: 13/12/2019 - MARKET BUY	81,196	0.1486	27,77,361	5.0810
	Date: 24/01/2020 - MARKET SELL	(852)	(0.0016)	27,76,509	5.0794
	Date: 31/01/2020 - MARKET BUY	3,415	0.0063	27,79,924	5.0857
	Date: 14/02/2020 - MARKET SELL	(11,433)	(0.0210)	27,68,491	5.0647
	Date: 27/03/2020 - MARKET BUY	10,000	0.0183	27,78,491	5.0830
	At the end of the year (or on the date of separation, if separated during the year)	27,78,491	5.0830	27,78,491	5.0830
3	**M/S. IDFC STERLING VALUE FUND**				
	At the beginning of the year	23,75,235	4.3453	23,75,235	4.3453
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 05/04/2019 – MARKET BUY	4,203	0.0077	23,79,438	4.3530
	Date: 12/04/2019 - MARKET BUY	2,648	0.0048	23,82,086	4.3578
	Date: 19/04/2019 - MARKET BUY	504	0.0010	23,82,590	4.3588
	Date: 10/05/2019 - MARKET BUY	5,000	0.0091	23,87,590	4.3679
	Date: 17/05/2019 - MARKET BUY	10,000	0.0183	23,97,590	4.3862
	Date: 24/05/2019 - MARKET BUY	6,500	0.0119	24,04,090	4.3981
	Date: 31/05/2019 - MARKET BUY	10,000	0.0183	24,14,090	4.4164
	Date: 07/06/2019 - MARKET SELL	(2,394)	(0.0044)	24,11,696	4.4120
	Date: 14/06/2019 - MARKET SELL	(18,113)	(0.0331)	23,93,583	4.3789
	Date: 29/06/2019 - MARKET BUY	411	0.0007	23,93,994	4.3796
	Date: 12/07/2019 - MARKET BUY	4,996	0.0092	23,98,990	4.3888
	Date: 19/07/2019 - MARKET SELL	(797)	(0.0015)	23,98,193	4.3873
	Date: 02/08/2019 - MARKET SELL	(3,472)	(0.0063)	23,94,721	4.3810
	Date: 16/08/2019 - MARKET SELL	(57,778)	(0.1057)	23,36,943	4.2753
	Date: 23/08/2019 – MARKET SELL	(10,733)	(0.0197)	23,26,210	4.2556
	Date: 30/08/2019 - MARKET SELL	(1,531)	(0.0028)	23,24,679	4.2528
	Date: 13/09/2019 - MARKET SELL	(16,415)	(0.0300)	23,08,264	4.2228
	Date: 20/09/2019 - MARKET SELL	(14,671)	(0.0268)	22,93,593	4.1960
	Date: 27/09/2019 - MARKET SELL	(19,280)	(0.0353)	22,74,313	4.1607
	Date: 30/09/2019 - MARKET SELL	(4,474)	(0.0082)	22,69,839	4.1525
	Date: 04/10/2019 - MARKET SELL	(1,566)	(0.0029)	22,68,273	4.1496
	Date: 11/10/2019 - MARKET SELL	(13,383)	(0.0245)	22,54,890	4.1251
	Date: 18/10/2019 - MARKET SELL	(19,072)	(0.0348)	22,35,818	4.0903
	Date: 25/10/2019 - MARKET SELL	(32,662)	(0.0598)	22,03,156	4.0305
	Date: 01/11/2019 - MARKET SELL	(2,775)	(0.0051)	22,00,381	4.0254
	Date: 08/11/2019 - MARKET BUY	1,657	0.0031	22,02,038	4.0285
	Date: 15/11/2019 - MARKET SELL	(53,577)	(0.0981)	21,48,461	3.9304
	Date: 22/11/2019 - MARKET SELL	(14,950)	(0.0273)	21,33,511	3.9031
	Date: 06/12/2019 - MARKET SELL	(11,975)	(0.0219)	21,21,536	3.8812
	Date: 13/12/2019 - MARKET SELL	(1,25,802)	(0.2302)	19,95,734	3.6510
	Date: 20/12/2019 - MARKET SELL	(1,107)	(0.0020)	19,94,627	3.6490
	Date: 27/12/2019 - MARKET SELL	(2,423)	(0.0044)	19,92,204	3.6446
	Date: 03/01/2020 - MARKET SELL	(8,564)	(0.0157)	19,83,640	3.6289
	Date: 10/01/2020 - MARKET SELL	(5,061)	(0.0092)	19,78,579	3.6197
	Date: 17/01/2020 - MARKET SELL	(20,418)	(0.0374)	19,58,161	3.5823
	Date: 24/01/2020 - MARKET SELL	(13,829)	(0.0253)	19,44,332	3.5570
	Date: 31/01/2020 - MARKET SELL	(5,505)	(0.0101)	19,38,827	3.5469
	Date: 07/02/2020 - MARKET SELL	(20,119)	(0.0368)	19,18,708	3.5101

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date: 14/02/2020 - MARKET SELL	(9,548)	(0.0174)	19,09,160	3.4927
	Date: 21/02/2020 - MARKET SELL	(4,516)	(0.0083)	19,04,644	3.4844
	Date: 28/02/2020 – MARKET SELL	(3,488)	(0.0064)	19,01,156	3.4780
	Date: 06/03/2020 - MARKET SELL	(13,491)	(0.0247)	18,87,665	3.4533
	Date: 13/03/2020 - MARKET SELL	(895)	(0.0016)	18,86,770	3.4517
	Date: 20/03/2020 - MARKET BUY	5,000	0.0091	18,91,770	3.4608
	Date: 27/03/2020 - MARKET BUY	16,803	0.0308	19,08,573	3.4916
	At the end of the year (or on the date of separation, if separated during the year)	19,08,573	3.4916	19,08,573	3.4916
4	**M/S. TATA AIA LIFE INSURANCE CO LTD-WHOLE LIFE MID CAP EQUITY FUND-ULIF 009 04/01/07 WLE 110**				
	At the beginning of the year	7,52,833	1.3773	7,52,833	1.3773
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 24/01/2020 - MARKET SELL	(4,430)	(0.0082)	7,48,403	1.3691
	Date: 31/01/2020 - MARKET SELL	(16,298)	(0.0298)	7,32,105	1.3393
	Date: 07/02/2020 - MARKET SELL	(5,304)	(0.0097)	7,26,801	1.3296
	Date: 21/02/2020 - MARKET SELL	(15,423)	(0.0282)	7,11,378	1.3014
	Date: 06/03/2020 - MARKET SELL	(275)	(0.0005)	7,11,103	1.3009
	At the end of the year (or on the date of separation, if separated during the year)	7,11,103	(1.3009)	7,11,103	1.3009
5	**M/S. MOTILAL OSWAL FOCUSED EMERGENCE FUND**				
	At the beginning of the year	5,40,961	0.9896	5,40,961	0.9896
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 21/02/2020 – MARKET SELL	(4,000)	(0.0073)	5,36,961	0.9823
	Date: 28/02/2020 - MARKET SELL	(6,099)	(0.0111)	5,30,862	0.9712
	At the end of the year (or on the date of separation, if separated during the year)	5,30,862	0.9712	5,30,862	0.9712
6	**M/S. SCHRODER INTERNATIONAL SELECTION FUND INDIAN OPPORTUNITIES**				
	At the beginning of the year	3,18,986	0.5836	3,18,986	0.5836
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 23/08/2019 – MARKET SELL	(949)	(0.0018)	3,18,037	0.5818
	Date: 30/08/2019 – MARKET SELL	(3,208)	(0.0058)	3,14,829	0.5760
	At the end of the year (or on the date of separation, if separated during the year)	3,14,829	0.5760	3,14,829	0.5760
7	**M/S. ASK INDIA 2025 EQUITY FUND**				
	At the beginning of the year	62,944	0.1152	62,944	0.1152
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 05/04/2019 – MARKET BUY	3,195	0.0058	66,139	0.1210
	Date: 12/04/2019 - MARKET BUY	5,093	0.0093	71,232	0.1303
	Date: 19/04/2019 - MARKET BUY	9,129	0.0167	80,361	0.1470
	Date: 26/04/2019 - MARKET BUY	10,800	0.0198	91,161	0.1668
	Date: 17/05/2019 - MARKET BUY	18,287	0.0334	1,09,448	0.2002
	Date: 24/05/2019 - MARKET BUY	7,708	0.0141	1,17,156	0.2143
	Date: 14/06/2019 - MARKET BUY	29,795	0.0545	1,46,951	0.2688
	Date: 29/06/2019 - MARKET BUY	20,000	0.0366	1,66,951	0.3054
	Date: 05/07/2019 - MARKET BUY	4,270	0.0078	1,71,221	0.3132
	Date: 19/07/2019 – MARKET BUY	3,944	0.0073	1,75,165	0.3205
	Date: 25/10/2019 - MARKET BUY	11,058	0.0202	1,86,223	0.3407
	Date: 01/11/2019 - MARKET BUY	2,000	0.0036	1,88,223	0.3443
	At the end of the year (or on the date of separation, if separated during the year)	1,88,223	0.3443	1,88,223	0.3443
8	**M/S. ABAKKUS EMERGING OPPORTUNITIES FUND-1**				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 22/11/2019 – MARKET BUY	1,50,000	0.2744	1,50,000	0.2744
	At the end of the year (or on the date of separation, if separated during the year)	1,50,000	0.2744	1,50,000	0.2744

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9	**M/S. UNISUPER LIMITED AS TRUSTEE FOR UNISUPER**				
	At the beginning of the year	1,48,772	0.2722	1,48,772	0.2722
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 23/08/2019 – MARKET SELL	(447)	0.2713	1,48,325	0.2713
	At the end of the year (or on the date of separation, if separated during the year)	1,48,325	0.2713	1,48,325	0.2713
10	**M/S. JPMORGAN INDIA SMALLER COMPANIES FUND**				
	At the beginning of the year	2,14,197	0.3919	2,14,197	0.3919
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 04/10/2019 – MARKET SELL	(9,508)	(0.0174)	2,04,689	0.3745
	Date: 11/10/2019 – MARKET SELL	(22,000)	(0.0403)	1,82,689	0.3342
	Date: 18/10/2019 – MARKET SELL	(16,723)	(0.0306)	1,65,966	0.3036
	Date: 25/10/2019 – MARKET SELL	(1,769)	(0.0032)	1,64,197	0.3004
	Date: 13/03/2020 – MARKET SELL	(9,757)	(0.0179)	1,54,440	0.2825
	Date: 20/03/2020 – MARKET SELL	(29,215)	(0.0534)	1,25,225	0.2291
	Date: 27/03/2020 – MARKET SELL	(785)	(0.0014)	1,24,440	0.2277
	At the end of the year (or on the date of separation, if separated during the year)	1,24,440	0.2277	1,24,440	0.2277
11	**M/S. TIMF HOLDINGS**				
	At the beginning of the year	5,25,811	0.9619	5,25,811	0.9619
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 17/05/2019 – MARKET SELL	(29,044)	(0.0531)	4,96,767	0.9088
	Date: 21/06/2019 – MARKET SELL	(40,000)	(0.0732)	4,56,767	0.8356
	Date: 29/06/2019 – MARKET SELL	(56,314)	(0.1030)	4,00,453	0.7326
	Date: 25/10/2019 – MARKET SELL	(7,347)	(0.0134)	3,93,106	0.7192
	Date: 01/11/2019 – MARKET SELL	(1,02,579)	(0.1877)	2,90,527	0.5315
	Date: 08/11/2019 – MARKET SELL	(34,659)	(0.0634)	2,55,868	0.4681
	Date: 15/11/2019 – MARKET SELL	(6,329)	(0.0116)	2,49,539	0.4565
	Date: 22/11/2019 – MARKET SELL	(1,41,215)	(0.2583)	1,08,324	0.1982
	Date: 29/11/2019 – MARKET SELL	(1,735)	(0.0032)	1,06,589	0.1950
	Date: 06/12/2019 – MARKET SELL	(1,06,589)	(0.1950)	0	0.0000
	At the end of the year (or on the date of separation, if separated during the year)	0	0.00	0	0.00
12	**M/S. SUNDARAM MUTUAL FUND A/C SUNDARAM RURAL AND CONSUMPTION FUND**				
	At the beginning of the year	242145	0.4430	242145	0.4430
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 05/04/2019 – MARKET SELL	(4,833)	(0.0089)	2,37,312	0.4341
	Date: 19/04/2019 – MARKET SELL	(86,294)	(0.1578)	1,51,018	0.2763
	Date: 26/04/2019 – MARKET SELL	(19,338)	(0.0354)	1,31,680	0.2409
	Date: 03/05/2019 – MARKET SELL	(1,884)	(0.0034)	1,29,796	0.2375
	Date: 10/05/2019 – MARKET SELL	(17,796)	(0.0326)	1,12,000	0.2049
	Date: 17/05/2019 – MARKET SELL	(52,808)	(0.0966)	59,192	0.1083
	Date: 24/05/2019 – MARKET SELL	(38,729)	(0.0709)	20,463	0.0374
	Date: 31/05/2019 – MARKET SELL	(15,577)	(0.0285)	4,886	0.0089
	Date: 07/06/2019 – MARKET SELL	(4,886)	(0.0089)	0	0.0000
	At the end of the year (or on the date of separation, if separated during the year)	0	0.00	0	0.00

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

V) SHAREHOLDING OF DIRECTORS & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the beginning of the Year (As on April 1, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**MR. KAMLESH C. GANDHI, CHAIRMAN AND MANAGING DIRECTOR**				
	At the beginning of the year	62,64,081	11.4597	62,64,081	11.4597
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date:13/03/2020 – MARKET BUY	2,808	0.0051	62,66,889	11.4648
	Date:20/03/2020 – MARKET BUY	3,194	0.0058	62,70,083	11.4706
	Date:27/03/2020 – MARKET BUY	4,000	0.0074	62,74,083	11.4780
	Date:31/03/2020 – MARKET BUY	7,500	0.0137	62,81,583	11.4917
	*At the end of the year	62,81,583	11.4917	62,81,583	11.4917
2	**MR. MUKESH C. GANDHI, WHOLE-TIME DIRECTOR AND CFO**				
	At the beginning of the year	1,61,55,814	29.5558	1,61,55,814	29.5558
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	1,61,55,814	29.5558	1,61,55,814	29.5558
3	**MRS. DARSHANA PANDYA, DIRECTOR & CEO**				
	At the beginning of the year	15,434	0.0282	15,434	0.0282
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	15,434	0.0282	15,434	0.0282
4	**MR. BALA BHASKARAN, INDEPENDENT DIRECTOR**				
	At the beginning of the year	945	0.0017	945	0.0017
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	945	0.0017	945	0.0017
5	**MR. CHETAN SHAH, INDEPENDENT DIRECTOR**				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	0	0.00	0	0.00
6	**MR. UMESH SHAH, INDEPENDENT DIRECTOR**				
	At the beginning of the year	0	0.00	0	0.00
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date:24/05/2020 – MARKET BUY	200	0.0004	200	0.0004
	At the end of the year	200	0.0004	200	0.0004
7	**MRS.DAKSHA SHAH, INDEPENDENT DIRECTOR**				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	0	0.00	0	0.00
8	**MS. RIDDHI BHAVESHBHAI BHAYANI, COMPANY SECRETARY AND COMPLIANCE OFFICER**				
	At the beginning of the year	338	0.0006	338	0.0006
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 27/03/2020 – MARKET BUY	50	0.0001	388	0.0007
	Date: 31/03/2020 – MARKET BUY	35	0.0001	423	0.0008
	# At the end of the year	423	0.0008	423	0.0008
9	**MR. ANKIT JAIN, CHIEF FINANCIAL OFFICER**				
	At the beginning of the year	25	Negligible	25	Negligible
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	25	Negligible	25	Negligible

Notes:

* 1. The following persons / entity belonging to promoter and promoter group of the Company have purchased the equity shares of the Company as on 30/03/2020 & 31/03/2020. However, the said shares were not reflected under the BENPOS received from Registrar and Transfer Agent as the same were in transit process. Therefore, we are unable to mention the said shares in this shareholding pattern filed with Stock Exchanges for the quarter ended on 31st March, 2020:

(i) Mr. Kamlesh Chimanlal Gandhi: 4,250 shares (purchased 2250 shares on 30/03/2020 & 2000 shares on 31/03/2020)

(ii) M/s. Anamaya Capital LLP: 4,327 shares (purchased 2223 shares on 30/03/2020 & 2104 shares on 31/03/2020)

(iii) Ms. Riddhi Bhaveshbhai Bhayani: 15 shares (purchased 15 shares on 30/03/2020)

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

5. INDEBTEDNESS

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

(Amount in ₹ Lakh)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	196,471.27	6,000.00	-	202,471.27
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	385.66	10.36	-	396.02
Total (i+ii+iii)	**196,856.93**	**6,010.36**	**-**	**202,867.29**
Change in Indebtedness during the financial year				
Addition	97,241.32	2,510.36	-	99,751.68
Reduction	42,531.36	10.36	-	42,541.72
Net Change	**54,709.96**	**2,500.00**	**-**	**57,209.96**
Indebtedness at the end of the financial year				
i) Principal Amount	250,363.46	8,500.00	-	258,863.46
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,203.43	10.36	-	1,213.79
Total (i+ii+iii)	**251,566.89**	**8,510.36**	**-**	**260,077.25**

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount (In ₹ lakh)
		MR. KAMLESH GANDHI (CMD)	MR. MUKESH GANDHI (WTD & CFO)	MRS. DARSHANA PANDYA (Director & CEO)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961. (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	846.14	844.98	32.68	1723.80
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	Total A	**846.14**	**844.98**	**32.68**	**1723.80**
	Ceiling as per the Act	-	-	-	In compliance with Section 196, 197, 198 read with Schedule V of the Companies Act, 2013 as amended from time to time.

B. Remuneration to other directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		Mr. Bala Bhaskaran	Mr. Chetan Shah	Mr. Umesh Shah	Mrs. Daksha Shah	
1	**Independent Directors**					
(a)	Fee for attending Board / committee meetings	1,75,000	2,35,000	1,95,000	75,000	6,80,000
(b)	Commission	-	-	-	-	-
(c)	Others, please specify.	-	-	-	-	-
	Total (1)	**1,75,000**	**2,35,000**	**1,95,000**	**75,000**	**6,80,000**
2	**Other Non Executive Directors**	**-**	**-**	**-**	**-**	**-**
	(a) Fee for attending board committee meetings	-	-	-	-	-
	(b) Commission	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**1,75,000**	**2,35,000**	**1,95,000**	**75,000**	**6,80,000**
	Total Managerial Remuneration	**1,75,000**	**2,35,000**	**1,95,000**	**75,000**	**6,80,000**

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Chief Financial Officer	Company Secretary	Chief Financial Officer	
		Mr. Mukesh C. Gandhi	Ms. Riddhi B. Bhayani	Mr. Ankit Jain	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	7,49,506	26,13,659	33,63,165
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others (specify)	-	-	-	-
5	Others, (Bonus, Gratuity & PF)	-	-	2,38,600	2,38,600
	Total	**Nil**	**7,49,506**	**28,52,259**	**36,01,765**

7. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES :

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

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

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

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

Date: 11th November, 2020
Place: Ahmedabad

Annexure - B

REMUNERATION POLICY

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

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

  The payment of managerial remuneration to Executive Directors, 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. 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 companies HR Policy.
  - No directors or Key Managerial Personnel should be directly involved in determining their own remuneration or their performance evaluation.

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

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

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

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

  Qualification:

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

  Criteria for appointing a Director:

  - He should be knowledgeable and diligent in updating his knowledge and should have qualification, skills, experience and expertise by which the Company can benefit and should be person of integrity, with high ethical standards.
  - Independent Director, in addition to above should fulfill the criteria for being appointed as an Independent Director prescribed under section 149 of the Companies Act, 2013 read with Schedule IV to the said Act and the provisions of SEBI (Listing Obligations and Disclosure Requirements) 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: performance evaluation 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): performance evaluation 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 Requirements) 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 required educational qualification from recognized institution.
- He should have integrity, hardworking, positive thinking and other skills as required for suitable position.
- Detailed background information will be cross checked from reliable sources.
- Criteria under Companies' HR Policy will be followed.

Annexure - C

FORM NO. MR- 3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

To,
The Members
MAS Financial Services Limited

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 and verified the provisions of the following acts and regulations and also their applicability as far as the Company is concerned during the period under audit:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent of their applicability to the Company;

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

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

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and

   (i) Reserve Bank of India Act, 1934.

We have also examined compliance with applicable clauses of the following:

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

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

We further report that:

i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

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: F002587B000316857

Place: Ahmedabad
Date: 4th June, 2020

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: F002587B000316857

Place: Ahmedabad
Date: 4th June, 2020

Annexure - D

FORM NO. AOC - 2

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

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

1. **Details of Contracts or Arrangements or Transactions not at Arm's length basis.** 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 not at arm's length during FY 2019-20. 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 31st March, 2020**

Sr. No.	Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
1.	MAS Rural Housing & Mortgage Finance Limited	Rendering of Services (Agreement for Amenities)	One year	MFSL agrees to provide MRHMFL within the premises the amenities, services, facilities-Usage of commercial premises of MFSL, furnitures & fixtures including computers, telephone lines, networks, use of water and water supply, and other necessary amenities for carrying on business activities smoothly. Amounting to ₹ 1,20,000/- per month.	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.	08.05.2019	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. Amounting to ₹ 20,000/- per month.	MRHMFL being a subsidiary company carrying out business of Housing Finance is in requirement of recovery services for collecting there outstanding dues.	09.05.2018	No such amount was paid as advances.	N.A.

Sr. No.	Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
3.	MAS Rural Housing & Mortgage Finance Limited	Cross Charge Payment	One Year	The Executive Management of MAS Financial Services Limited will share several intellectual services to MAS Rural Housing & Mortgage Finance Limited to carry out the Operations of the Company effectively. Since the remuneration for their services is paid by MAS Financial Services Limited and considering various parameters to look in to the activities of the Company, MRHMFL will pay an amount decided by the Board of Directors as Cross Charge payment to share the Cost of Remuneration of the Executive Management.	MRHMFL is in requirement of various intellectual services of the Executive Management of MAS Financial Services Limited to carry out the Business Operations of Cross Charge Payment the Company effectively considering various parameters to look in to the activities of the Company.	06.11.2019	No such amount was paid as advances.	N.A.
4.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 16,815,858.00 as on 31st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
5.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 10,446,339.00 as on 31st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
6.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 10,091,014.00 as on 31st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
7.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 15,136,521.00 as on 31st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
8.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 14,623,192.00 as on 31st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
9.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 31,335,396.00 as on 31st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
10.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 37,602,478.00 as on 31st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.

Sr. No.	Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
11.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M Power Microfinance Private Limited and there is outstanding balance of ₹ 11,906,884.00 as on 31st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
12.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 26,471,507.00 as on 31st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
13.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 38,509,771.00 as on 31st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
14.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 38,509,771.00 as on 31st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
15.	M Power Microfinance Private Limited	Rendering of Services	73 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 50,000,000.00 as on 31st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.

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

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

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

Date: 11th November, 2020
Place: Ahmedabad

Annexure - E

DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND:

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

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

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

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

- Recent Amendment in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the policy of Dividend Distribution is applicable to the top Five hundred listed entities based on market capitalization in pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements), 2015 the Company has decided to formulate and disclose its Dividend Distribution Policy. The Board of Directors of the Company has reviewed this Dividend Distribution policy of the Company as its Meeting held on 19th February, 2020.

2. CLASSES OF SHARES:

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

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

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

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

4. FINANCIAL PARAMETERS:

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

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

- Distributable surplus available as per the Act, Rules and Regulations;
- The Company’s liquidity position and future cash flow needs;
- Trend of dividends paid in the past years by the Company;
- Payout ratios of comparable companies;
- Industry outlook and stage of business cycle for underlying businesses;
- Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution;

- Loan repayment and working capital requirements;
- Cost and availability of alternative sources of financing;
- Capital expenditure requirements considering the expansion and acquisition opportunities;
- Any windfall, extra-ordinary or abnormal gains made by the Company;
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

6. UTILIZATION OF RETAINED EARNINGS:

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

7. REVIEW:

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

8. DISCLOSURES:

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

Annexure - F

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

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

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

3. **Average net profit of the Company for last three financial years: ₹ 1,650,182,447 /-**

4. **Prescribed CSR Expenditure (two percent of amount stated in item 3 above): ₹ 33,003,649 /-**

5. **Details of CSR spent during Financial year 2019-20:**

   (a) Total amount to be spent for Financial Year: ₹ 33,003,649 /-

   (b) Amount unspent, if any: ₹ 27,612,975.82/-

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

Sr. No.	CSR project or activity identified	Sector in which the project is covered (As per Schedule VII of Companies Act, 2013)	Projects or programs 1) Local area or other 2) Specify the states and district where the project was undertaken	Amount outlay (budget) – project or program wise (Amount in ₹)	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on project or program (2) overhead (Amount in ₹)	Cumulative expenditure upto the reporting period (Amount in ₹)	Amount spent – Direct or through implementing agency
1.	The Company has sponsored school fees, school bags, stationeries, school uniforms for students undergoing higher studies, have constructed roof and shed in schools to provide basic infrastructure to students, provided RO Plant – Badalpur School.	Promoting education and Drinking water including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	1. Local Area 2. Gujarat	50,00,000/-	47,90,673.18/-	47,90,673.18/-	Direct

Sr. No.	CSR project or activity identified	Sector in which the project is covered (As per Schedule VII of Companies Act, 2013)	Projects or programs 1) Local area or other 2) Specify the states and district where the project was undertaken	Amount outlay (budget) – project or program wise (Amount in ₹)	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on project or program (2) overhead (Amount in ₹)	Cumulative expenditure upto the reporting period (Amount in ₹)	Amount spent – Direct or through implementing agency
2.	The company has contributed for the treatment and welfare of cancer patients at Gujarat Cancer Society.	Promoting health care	1.Local Area 2. Gujarat	7,00,000/-	6,00,000/-	6,00,000/-	Direct
Total				**57,00,000/-**	**53,90,673.18/-**	**53,90,673.18/-**	**Direct**

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

As a part of CSR initiative, your Company has identified many bright students from more than 20 Schools who have completed their 8th Standard and wish to pursue their higher studies but are financially challenged and cannot afford basic requirements. The Company has sponsored the fees, school bags, stationeries, school uniforms to students for undergoing higher studies. Your company believes that education is one of the most important investments which can create positive impact on society. Also, the Company has started constructing roof and shed to provide basic infrastructure to children in schools.

The Company has identified places where people were not getting fresh drinking water. In order to develop rural area and promoting health and sanitation Company installed RO Plant in Badalpur School.

The Company has contributed for the welfare and treatment of cancer patients at Gujarat Cancer Society, Ahmedabad.

It is Company's continuous endeavor to increase its CSR impact and spend over the coming years, supplemented by its continued focus towards rural development, promoting health and sanitation. Company is trying to explore more and more students to ensure that benefits reaches directly to the needed students and the process is likely to take some more time to enable the Company to spend the entire required amount to be spent for CSR as per the provisions of Companies Act, 2013.

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

The CSR Committee confirms that implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

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

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

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

Date: 11th November, 2020
Place: Ahmedabad

Annexure - G

FORM AOC-1

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

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

Part "A": Subsidiaries

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

Sr. No.	Particulars	Details
1.	Name of the subsidiary	MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED
2.	The date since when subsidiary was acquired	10/10/2007
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Financial Year 2019-2020 (01.04.2019 to 31.03.2020)
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: ₹ 35,00,00,000/- **Paid up : ₹ 31,22,64,040/-
6.	Other Equity	₹ 31,61,21,389 /-
7.	Total assets	₹ 2,79,37,27,281/-
8.	Total Liabilities	₹ 2,26,53,41,852 /-
9.	Investments	Nil
10.	Turnover	₹ 39,88,47,716 /-
11.	Profit before taxation	₹ 4,24,58,586 /-
12.	Provision for taxation	₹ 1,01,33,581 /-
13.	Profit after taxation	₹ 3,23,25,005 /-
14.	Proposed Dividend	₹ 43,30,342.80/-
15.	% of shareholding	59.67%

* Change in authorized share capital with effect from August 29, 2019.

**Change in paid up capital with effect from September 12, 2019.

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

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

Part "B": Associates and Joint Ventures

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

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

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

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

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

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

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

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

Date: 11th November, 2020
Place: Ahmedabad

Annexure - H

Particulars of Employees (pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended)

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

A. 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 2019-20:**

Sr. No.	Name	Designation	Nature of Payment	Ratio against median employee's remuneration
1.	Mr. Kamlesh Gandhi	Chairman and Managing Director	Remuneration	353.72 : 1
2.	Mr. Mukesh Gandhi	Whole-time Director and Chief Financial Officer	Remuneration	353.24 : 1
3.	Mrs. Darshana Pandya*	Director and Chief Executive Officer	Remuneration	13.66 : 1
4.	Mr. Bala Bhaskaran	Independent Director	Sitting Fees	0.73 : 1
5.	Mr. Chetan Shah	Independent Director	Sitting Fees	0.98 : 1
6.	Mr. Umesh Shah	Independent Director	Sitting Fees	0.82 : 1
7.	Mrs. Daksha Shah**	Woman Independent Director	Sitting Fees	0.31 : 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 2019-20:**

Sr. No.	Name	Designation	Nature of Payment	Percentage Increase over previous year
1.	Mr. Kamlesh Gandhi	Chairman and Managing Director	Remuneration	17.72%
2.	Mr. Mukesh Gandhi	Whole-time Director and Chief Financial Officer	Remuneration	17.66%
3.	Mrs. Darshana Pandya*	Director and Chief Executive Officer	Remuneration	4.34%
4.	Mr. Bala Bhaskaran	Independent Director	Sitting Fees	Nil#
5.	Mr. Chetan Shah	Independent Director	Sitting Fees	Nil#
6.	Mr. Umesh Shah	Independent Director	Sitting Fees	Nil#
7.	Mrs. Daksha Shah**	Woman Independent Director	Sitting Fees	Nil#
8.	Ms. Riddhi Bhayani	Company Secretary and Compliance Officer	Remuneration	16.55%
9.	Mr. Ankit Jain*#	Chief Financial Officer	Remuneration	33.14%

* 1. Mrs. Darshana Pandya was appointed as Whole time Director w.e.f. 31.07.2019 by the Board of Directors at its meeting held on 31.07.2019, subject to the approval of members at this ensuing general meeting.

2. Mrs. Darshana Pandya was appointed as Chief Executive Officer w.e.f. 06.11.2019 by the Board of Directors at its meeting held on 06.11.2019.

** Mrs. Daksha Shah was re-appointed as Woman Independent Director for a second term of five years w.e.f. 14.03.2020.

Independent Director are paid fixed sitting fees, and the sitting fees being paid to independent directors was revised from ₹ 10,000/- to ₹ 15,000 per meeting for attending Board meeting and from ₹ 10,000/- to ₹ 5,000/- per meeting for attending Committee meeting w.e.f. 01.04.2019 as approved by Board of Directors at its meeting held on 31.07.2020.

*# Mr. Ankit Jain was appointed as Chief Financial Officer w.e.f. 06.11.2019 by the Board of Directors at its meeting held on 06.11.2019.

Note: The percentage increase over previous year is given only if there is an increase in the payment and the person acted in the same capacity for the year ended on 31st March, 2020 and 31st March, 2019, except for Mrs. Darshana Pandya been promoted to and appointed as Whole-time Director and Chief Executive Officer and Mr. Ankit Jain been promoted to and appointed as Chief Financial Officer during the FY 2019-20.

3. **The percentage increase in the median remuneration of employees in the financial year:** The median remuneration of employees was increased by 9.45% over a previous year.

4. **The number of permanent employees on the rolls of the Company:** 887 Employees

5. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:** The Average salaries of the employees of the Company were increased by 15.71% while the Managerial remuneration increased by 17.41% 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:

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	49.39	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/08/1996	48	--	14,257 shares* (0.0261%)	Husband of Mrs. Darshana Pandya
2	Mr. Dipak M. Dangar	COO - Retail Asset Channel	29.30	On roll	B.E. Chemical & MBA Finance Has more than 1 decade of experience	26/05/2008	37	--	4 shares (Negligible Holding)	--
3	Mr. Ankit T. Jain	Chief Financial Officer	29.30	On roll	M.B.A. Finance Has more than 1 decade of experience	01/04/2010	33	--	25 shares (Negligible Holding)	--
4	Mr. Sunil Shah	Head Portfolio	27.00	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/07/1998	49	--	488 shares (0.0009%)	--
5	Mr. Gaurang Arvindbhai Kasudia	Head - MIS	26.99	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/08/1996	44	--	338 shares (0.0006%)	--
6	Mr. Bhavesh D. Patel	Head - Accounts	26.99	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/04/2004	39	Nishu Accounts Consultancy	338 shares (0.0006%)	--
7	Mr. Nishant Jain	Chief Risk Officer	25.30	On roll	Chartered Accountant Has more than 8 years of experience	03/05/2018	32	Jain Sons Finlease Limited	--	--
8	Mr. Dhvanil K. Gandhi	B.D.M.	21.75	On roll	Bachelors in Business Administration Has more than 5 Year of experience	20/07/2011	27	--	34619 shares (0.0633%)	Son of Mr. Kamlesh Gandhi
9	Mr. Ravi Mukeshbhai Shah	Credit Incharge	21.30	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/12/1999	42	--	338 shares (0.0006%)	--
10	Mr. Rajen Shashikant Shah	Project In-Charge	19.80	On roll	MCA, B.Sc. Has more than 2 decades of experience	01/09/2003	46	Akar Laminators Limited	120 shares (0.0002%)	--

* Mr. Saumil Pandya, President & Head Retail Assets of the Company has purchased 574 equity shares of the Company i.e. 100 shares on 30.03.2020 & 474 shares 31.03.2020. However in BENPOS received from Registrar and Transfer Agent as on 31st March, 2020 reflected his holding as 13,683 shares excluding above bought shares as the same were in transit process.

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

Date : 11th November, 2020
Place : Ahmedabad

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

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

Annexure - I

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC OVERVIEW

Global Economy

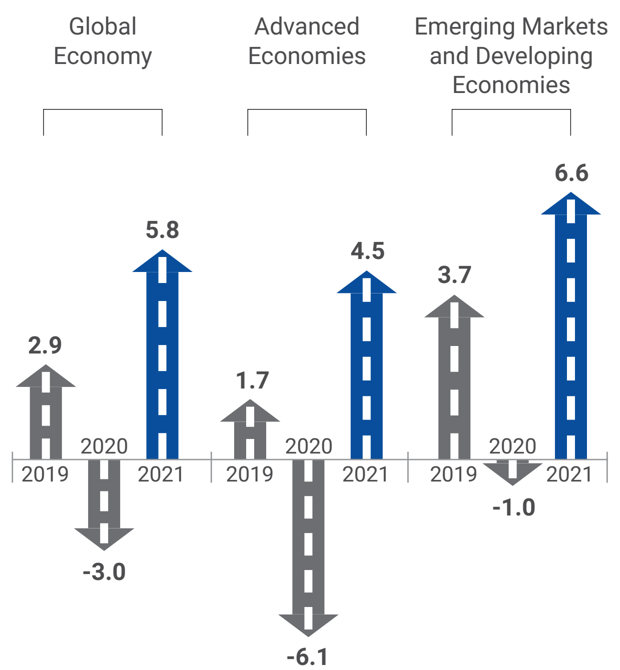
Global economy grew by 2.9% in 2019, as against 3.6% in 2018, as per the International Monetary Fund (IMF) estimates. The subdued growth is a consequence of elevated trade barriers, Brexit-related concerns, geopolitical tensions, and macroeconomic stress in several emerging economies. Despite the headwinds, conditions eased since the beginning of 2020 with positive developments in US-China trade negotiations, a successful Brexit, and continued monetary easing.

COVID-19 Impact

The outbreak of novel coronavirus (COVID-19) in the first quarter of 2020 posed fresh challenges for global activities and economies. The severe spread of the virus plunged the world economy into a recession, worse than the financial crisis a decade ago. As a result of the pandemic, global economy is expected to contract by 3% in 2020. A series of stimulus packages have been announced by major developed economies and financial institutions to limit the economic damage and stabilise markets. IMF predicts growth will rebound to 5.8% in 2021, with normalisation in economic activity helped by policy support.

WORLD ECONOMIC OUTLOOK APRIL 2020 GROWTH PROJECTIONS

The COVID-19 health crisis will have a severe impact on economic activity in 2020



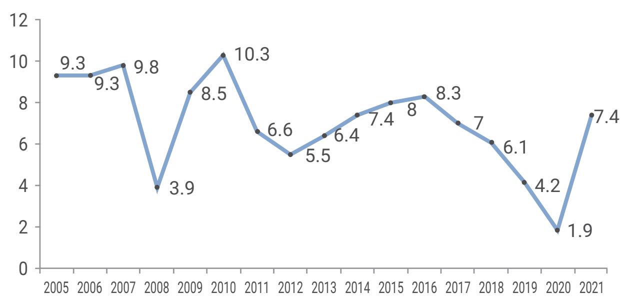
(Source: IMF World Economic Outlook, April 2020)

Indian Economy

India's Gross Domestic Product (GDP) grew by 4.2% in FY 2019-20, compared to 6.1% growth clocked in FY 2018-19. Primary factors responsible for the deceleration in growth include global economic slowdown, subdued consumption and private investment, and liquidity constraints aggravated by the non-banking financial (NBFC) crisis. To give a boost to the economy, the Reserve Bank of India (RBI), in the year 2019, slashed the benchmark repo rate by 135 basis points (bps) to 5.15% in five successive rate cuts from February to October 2019, with significant easing of monetary policy.

The outbreak of COVID-19 has created unprecedented challenges for the Indian economy. Strict containment measures and the nationwide lockdown have stalled the economic activity and is expected to impact both consumption and investment. IMF has pegged economic growth at 1.9% for FY 2020-21 with potential downsides.

INDIA GDP (%)



(Source: IMF, 2020 Support Measures)

In July 2019, the Union Budget 2019-20 had articulated the vision of the Honourable Prime Minister to make India a US$ 5 trillion economy by FY 2024-25. The march towards this milestone has, however, been challenged by less than expected growth of India's GDP so far this year, on the back of a decline in world output. Nonetheless, policymakers have been implementing substantial fiscal and monetary measures to support affected households and businesses. On the fiscal front, the government has rolled out a ₹ 1.7 trillion relief package for India's marginalised population to help them mitigate the challenges caused by the pandemic. Further, a mammoth ₹ 20 lakh crore economic relief package has also been announced to help the economy combat the COVID-19 crisis. In a bid to maintain financial stability, the RBI reduced the repo rate by a cumulative 115 bps to 4% and reverse repo rate by 155 bps to 3.35% since the beginning of the crisis to boost lending to the productive sectors. It also slashed the cash reserve ratio by 100 bps to release ₹ 1.37 lakh crore across the banking system. In addition, it allowed commercial banks and non-banking finance companies to offer their customers a three-month moratorium on payment of instalments on their loans. Further, in May 2020, it extended such moratorium period by another three months to 31st August 2020. Growth is expected to recover to 7.4% in FY 2021-22, buoyed by fiscal and monetary stimulus.

INDUSTRY OVERVIEW

Financial Services Industry

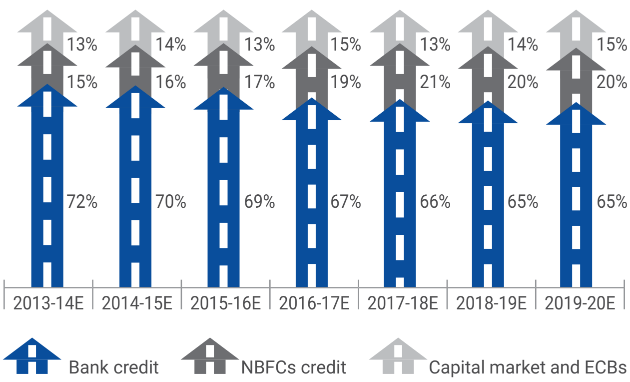
The Indian banking and financial services industry plays an important role in driving growth of the Indian economy and expanding the credit market. Over the last decade, India's financing requirements have risen on the back of increasing population, rising incomes, and growing awareness and aspirations. The government and regulators have been taking proactive measures to strengthen the sector through favourable policies, promotion of financial inclusion and liquidity infusion, among others.

As per the rating agency ICRA, the incremental credit flow from banks stood at ₹ 5.9 trillion during FY 2019-20, almost half of ₹ 11.9 trillion in the previous year as muted economic growth curtailed fresh credit demand apart from increased risk aversion among lenders. While the near-term outlook in the light of the COVID-19 is likely to stay weak, the secular drivers to credit growth remain intact. Greater financial inclusion, increased demand for private consumption, spurt in digital lending, and initiatives boosting growth in retail loans will be the key growth drivers going forward.

NBFCs in India

Growth of non-banking financial companies (NBFCs) has been pivotal in fulfilling credit requirements of the unserved and underserved markets. NBFCs are considered as an alternative to mainstream banking, providing credit access to unbanked customers. NBFCs, with their deep market understanding, unique business models and technology adoption, have the capability to widen credit access to the lower strata of the society and increase their reach and market share. Since September 2018, the sector has been facing liquidity and funding constraints following defaults of a few large NBFCs. However, the government and the RBI have been taking constant measures to improve systemic liquidity and strengthen the governance framework of NBFCs.

NBFCs share in systemic credit growing steadily



Note :

1. Banks' credit includes outstanding of private banks, public sector banks, Regional Rural Banks (RRBs), Cooperative banks and SFBs.
2. Capital market borrowing and External Commercial Borrowing (ECB) includes corporate bond, commercial papers outstanding; but excludes amount raised by banks and NBFC.

Source: RBI, SEBI, Company Reports, CRISIL Research

As of March 2020, NBFCs accounted for 20% of the overall systemic credit.

COVID-19 Impact and Support Measures

The COVID-19 outbreak and subsequent nationwide lockdown has severely impacted the disbursements, asset quality, and liquidity of NBFCs due to disruption in business activities. A recovery is likely in the second half of FY 2020-21; however, this depends on the overall economic turnaround. Meanwhile, the central bank and government have announced numerous liquidity-boosting measures to help banks, NBFCs, and other financial intermediaries to deal with the liquidity challenges caused by the pandemic.

Notable Announcements:

- Targeted Long-Term Repo Operations (TLTRO) of ₹ 50,000 crore to enable NBFCs to lend to micro segments of each sector in the economy.
- Special liquidity scheme of up to ₹ 30,000 crore for NBFCs, housing financiers and microfinanciers. Under this scheme, investments can be made in investment grade debt securities of non-bank and housing finance companies and microfinance institutions which will be fully guaranteed by the government.
- Extension of the partial credit guarantee scheme to cover lower-rated NBFCs. This scheme will result in liquidity to the tune of ₹ 45,000 crore, under which the 20% first loss guarantee will be borne by the government.

The outstanding credit of NBFCs increased at a CAGR of 13% from FY 2016-17 to FY 2019-20, however, NBFCs grew by 7% year-on-year in FY 2019-20. COVID-19 is expected to further slowdown loan book growth of NBFCs in the first half of FY 2020-21 amid lockdown. In the next three fiscals, NBFCs loan book is expected to grow at a CAGR of 5% to 7%.

Growth Drivers for NBFCs:

- Aggressive approach to tap the underserved segment
- Niche focus of NBFCs that are specialised in certain segments enabling increase in market share
- Understanding the market and customising the product to customer needs

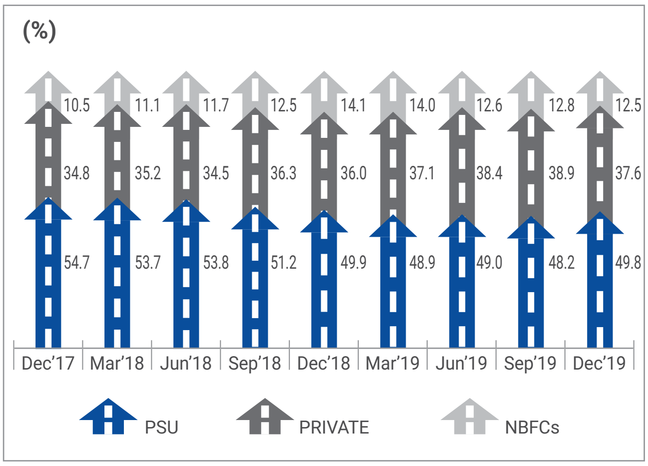
- Higher loan-to-value as NBFCs offer higher amounts of loan against security as compared to banks

- Lower turnaround time as NBFCs are able to meet immediate funding requirements with faster loan processing systems

MSME Sector

MSMEs constitute an important part of the Indian economy as they significantly contribute to the country's overall GDP, manufacturing output, employment, and exports. The sector provides employment to over 120 million persons and contributes around 45% to the overall exports from India. With the growing number of MSMEs in India, access to adequate credit to enable them to meet their working capital needs and expand their businesses has become increasingly important. Over the past few years, the share of private banks and NBFCs in MSME lending has increased significantly, especially at the lower end. MSME lending has seen maximum disruption through differentiated business models, innovative approaches to credit underwriting, and offering of innovative products with a lower turnaround time.

Share of Lenders in MSME Sector



(Source: MSME Pulse, TransUnion CIBIL - April 2020)

However, the nationwide lockdown and slowdown in economic activity in the light of COVID-19 pandemic has created challenges for the MSME sector. The government and the RBI have implemented various policy measures to provide much-needed relief to the sector and encourage financial institutions to extend additional credit to MSMEs. Notable initiatives include announcement of setting up of a collateral-free automatic loan provision worth ₹ 3 lakh crore for MSMEs; in the form of a fully guaranteed emergency credit line; allocation of ₹ 20,000 crore as subordinate debt facility and a ₹ 50,000 crore equity infusion for MSMEs through Fund of Funds. The government also took the opportunity to revise the definition of MSMEs to include the additional criteria of turnover and eliminate the existing distinction between manufacturing and service units. Further, a company with investments up to ₹ 50 crore and turnover up to ₹ 250 crore can also be classified as a medium enterprise.

MSME classification*

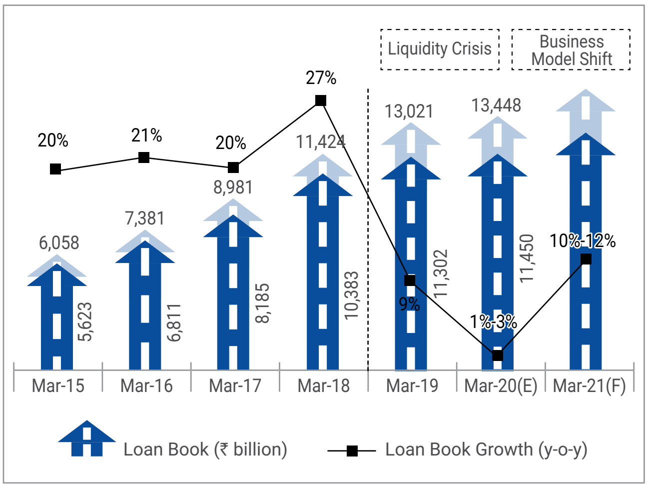
	Micro Enterprises	Small Enterprise	Medium Enterprise
Investment in Plant and Machinery or Equipment	<= ₹ 1 crore	<= ₹ 10 crore	<= ₹ 50 crore
Turnover	<= ₹ 5 crore	<= ₹ 50 crore	<= ₹ 250 crore

* New definition of MSME was announced in June 2020

Housing Finance

Housing is considered a vital engine for economic development. Rapid urbanisation, increasing income levels, emerging nuclearisation, and growing aspirations are the key growth drivers of the housing sector. With the country's mortgage being underpenetrated at nearly 10%, NBFCs and HFCs have taken advantage of this potential and have been the biggest drivers of housing finance growth. Moreover, NBFCs and HFCs with their strong origination skills, excellent customer service, and robust distribution model have been effective in tapping the home finance market.

Trend in AUM & loan book growth of HFCs



(Source: NHB, BWR Research)

The Indian housing finance market grew at a CAGR of 16% from FY 2014-15 to FY 2019-20 on account of a rise in disposable income, healthy demand and a greater number of players entering the segment. However, it is expected to grow at a slower pace of 2% to 3% in FY 2020-21 owing to economic implications of the COVID-19 pandemic. Post FY 2020-21, the market is expected to witness gradual recovery and grow at a CAGR of 11% over the next two years.

ICRA estimates the total outstanding housing credit at ₹ 20.7 lakh crore as on 31st December 2019, with COVID-19-induced slowdown seen impacting disbursements in the quarter ended March 2020. Asset quality of all segments of housing loans is expected to be impacted over the next few quarters. Moreover, affordable housing loans will witness increase in delinquencies over the medium term due to higher proportion of self-employed borrowers, as people defer their home purchase and home improvement decisions unless they achieve stability in income levels.

Several initiatives have been undertaken by the government to boost affordable housing under the Pradhan Mantri Awas Yojana (PMAY), with the aim of building 50 million houses in urban and rural India by 2022. Increasing affordability, supported by government incentives, has led to a spurt in home buying, particularly in the affordable housing segment. Till December 2019, the cumulative number of houses sanctioned under PMAY (U) and PMAY (G) was over 96 lakh and 98 lakh units, respectively.

Automobiles

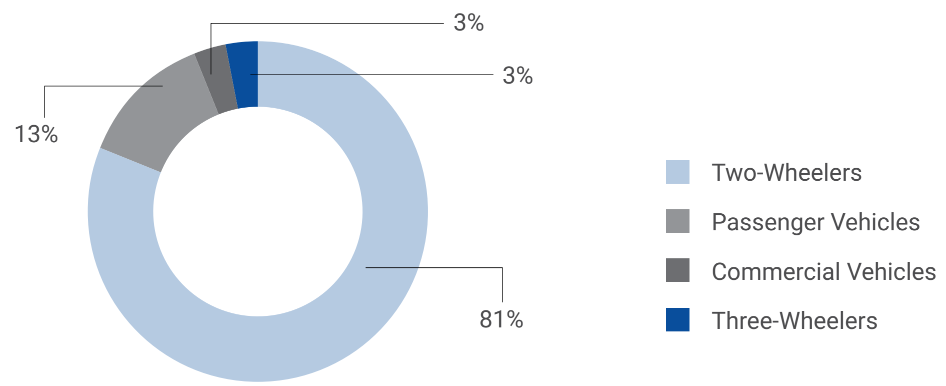
According to Society of Indian Automobile Manufacturers (SIAM), the automobile industry produced a total of 26,362,282 vehicles including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadricycles in FY 2019-20 as against 30,914,874 vehicles in FY 2018-19, registering a de-growth of 14.7% over the same period last year .

Automobile Production Trends

Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Passenger Vehicles	3,221,419	3,465,045	3,801,670	4,020,267	4,028,471	3,434,013
Commercial Vehicles	698,298	786,692	810,253	895,448	1,112,405	752,022
Three-Wheelers	949,019	934,104	783,721	1,022,181	1,268,833	1,133,858
Two-Wheelers	18,489,311	18,830,227	19,933,739	23,154,838	24,499,777	21,036,294
Quadricycle*		531	1,584	1,713	5,388	6,095
Grand Total	**23,358,047**	**24,016,599**	**25,330,967**	**29,094,447**	**30,914,874**	**26,362,282**

*Only October-March 2016 data is available for FY 2015-16
Source: SIAM

Domestic Market Share for FY 2019-20



(Source: SIAM)

The adverse impact of tight financing environment, new axle load norms, higher insurance and ownership costs, and weak consumer sentiments due to the COVID-19 pandemic led to the overall slump in the automotive industry. Regulatory mandate of switching to newer safety and emission norms from April 2020 has significantly increased costs for the industry. While the pre-buying was expected during March 2020 before the BS VI norms were implemented, the nationwide lockdown eroded the potential demand. Macroeconomic headwinds coupled with prolonged economic slowdown will further dampen consumer demand and automobile sales.

Automobile Domestic Sales Trends

Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Passenger Vehicles	2,601,236	2,789,208	3,047,582	3,288,581	3,377,389	2,773,575
Commercial Vehicles	614,948	685,704	714,082	856,916	1,007,311	717,688
Three-Wheelers	532,626	538,208	511,879	635,698	701,005	636,569
Two-Wheelers	15,975,561	16,455,851	17,589,738	20,200,117	21,179,847	17,417,616
Quadricycle#		0	0	0	627	942
Grand Total	**19,724,371**	**20,468,971**	**21,863,281**	**24,981,312**	**26,266,179**	**21,546,390**

#Only August 2018 - March 2019 data is available for FY 2018-19

Source: SIAM

Nonetheless, easing of the lockdown and government stimulus package may revive consumer sentiments and boost automobiles market growth. Strong government focus on infrastructure and construction sectors, along with proposed incentive-based vehicle scrappage policy will be an important driving force for commercial vehicles. In two-wheelers, demand from rural areas is expected to outpace urban demand due to better rabi prospects and thrust on rural economy.

BUSINESS PERFORMANCE

MAS is a diversified Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India (RBI). Since its inception in 1995, the Company is engaged in extending specialised retail financing services to the lower income and middle-income groups of the society. For over two decades, MAS has been a part of the financial services sector, catering to the financially underserved masses spread across urban, semi-urban, and rural areas in the formal and informal sectors. The Company offers a wide range of retail finance products such as micro enterprise loans, SME loans, home loans, two-wheeler loans, used car loans, and commercial vehicle loans. A highly experienced management team, huge borrower base, diverse product mix, efficient liability management, and a well-spread branch network underpin the operations of the Company.

Distribution Network

MAS believes in offering best-in-class services at the doorstep of its customers. Driven by this mission, it has established a strong distribution network of 105 branches in the major cities of Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu, and Karnataka. Its robust network enables the Company to reach out to underserved masses in the hinterlands and ensure efficient last mile delivery of credit.

Further, MAS has forged strong value chains by leveraging the distribution network of partner NBFC-MFIs, NBFCs, HFCs and franchisees to extend its financial services to the underpenetrated regions and Bottom of the Pyramid (BOP) segment. The aim of the Company is to address credit requirements and extend financial services to those who have been underserved or completely excluded by the formal financial sector.

As on 31st March 2020, MAS caters to 7,00,000+ clients in more than 3,450 centres through its robust network of 105 branches.

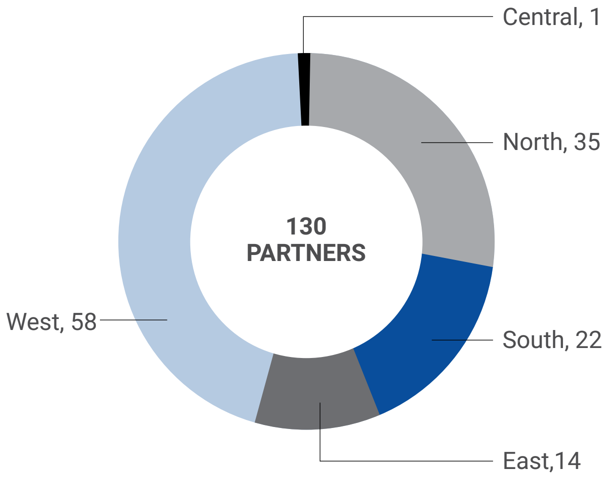
Partnerships with Regional NBFCs and NBFC-MFIs

The Company's strategic model of partnering with NBFCs and NBFC-MFIs for distribution of its products in remote geographies, has ensured good success for MAS, its partners, and customers over the years. The partners can leverage the Company's domain expertise and avail lines of credit offered, while the target clients gain access to formal financial sector as per their requirements. Moreover, MAS can enhance its customer base without sufficient investments in physical infrastructure. Additionally, regional players can undertake last mile credit delivery more effectively, and build stronger networks and customer trust.

The model has enabled the Company to scale business rapidly through partnership with NBFCs and NBFC-MFIs which has almost doubled over the last 5 years to reach 130 partners in FY 2019-20. With this, the Company has not only strengthened its presence pan-India but has also mitigated the risk of overdependence, thus resulting in more robust business model.

In FY 2019-20, AUM through partnership business stood at ₹ 3,497.58 crore, growing at a CAGR of 27.3% from ₹ 1,046.91 crore in FY 2014-15. Out of the 130 partners in FY 2019-20, more than 55% of the partners fall within the AUM range of ₹ 50 – ₹ 500 crore allowing the Company to reach larger customer base at remote geographies and dramatically reducing the turnaround time for extending credit to customers.

2019-20 (Regional NBFCs and NBFC-MFIs Partners)



In FY 2019-20, out of the 130 partner NBFCs and NBFC-MFIs – 20% partners maintained a healthy Capital Adequacy Ratio (CAR) in the range of 15%-20%, while 78% partners maintained a CAR of more than 20%, which is well above the threshold.

MSME Loans

Products Offered

Micro-Enterprise Loan (MEL)

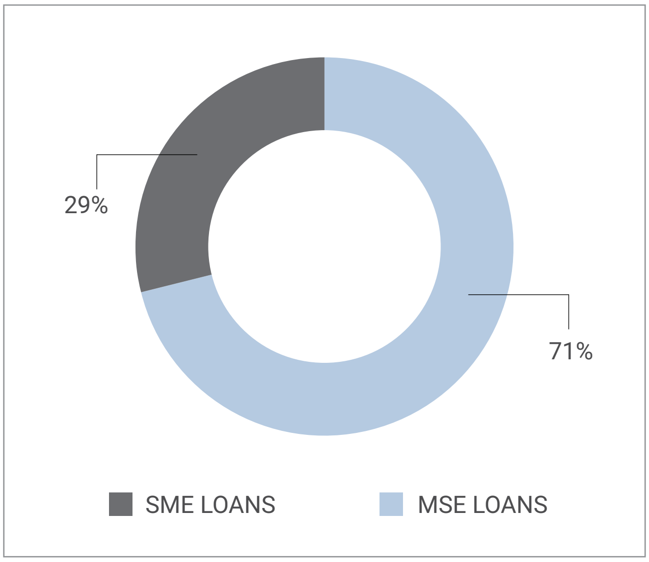
- Loans to small enterprises spread across 190 business categories including retailers, traders, small manufacturers, and service providers with turnover ranging from ₹ 25 lakhs to ₹ 5 crore.
- Loan ticket size ranges from ₹ 1 lakh to ₹ 50 lakhs.

Small & Medium Enterprises (SME) Loan

- Loans to small & medium enterprises, which are engaged in manufacturing, trading or services businesses for 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.
- Loans of up to ₹ 2 crore is extended to these customers.

KEY HIGHLIGHTS: FY 2019-20

Committed to solving the financing difficulty of micro, small and medium enterprises, in FY 2019-20, MAS provided loan amounting to ₹ 4,754.90 crore.



As on 31st March 2020, AUM for MSME loans business stood at ₹ 5,411.33 crore as compared to ₹ 4,714.74 crore as on 31st March 2019, registering a growth of 14.77%.

Two-Wheeler and Commercial Vehicle Loans

Products Offered

Two-Wheeler Loan

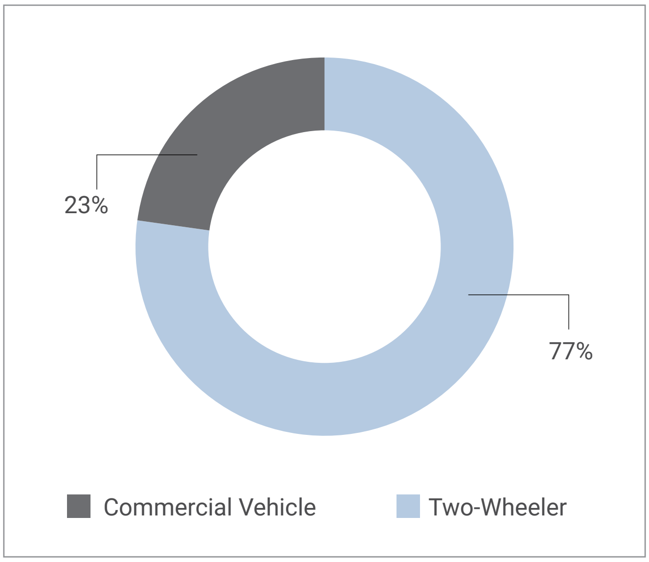
- Loans offered to farmers, self-employed businessmen and professionals, and salaried customers to purchase two-wheelers in urban, semi-urban, and rural areas.
- Loan ticket size ranges from ₹ 15,000 to ₹ 2 lakhs.

Commercial Vehicle Loan

- Loans provided for purchase of commercial vehicles or for captive usage in business.
- Loan ticket size for purchase of old/new commercial vehicle ranges from ₹ 50,000 to ₹ 5 lakhs.

KEY HIGHLIGHTS: FY 2019-20

MAS assists individuals and businesses in fulfilling their dreams – be it buying a dream bike for personal use or expanding their transport/distribution business through critical addition of new and used commercial vehicles. In FY 2019-20, MAS provided loan amounting to ₹ 417.29 crore.



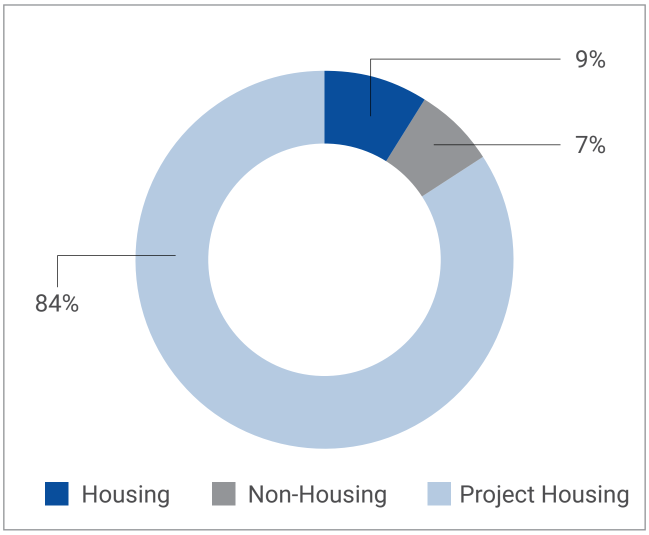
Assets under Management under Commercial Vehicle and Two-Wheeler Loans stood at ₹ 554.95 crore as on 31st March 2020 in comparison to ₹ 623.64 crore as on 31st March 2019, plunging year-on-year by 11.01%.

Housing Loans

MAS Rural Housing & Mortgage Finance Ltd. (MRHMFL), a subsidiary of MAS serves the middle- and lower-income segments of the country, especially in the semi-urban and rural areas. The Company offers housing loans to customers for purchase, construction or renovation of their homes.

KEY HIGHLIGHTS: FY 2019-20

In FY 2019-20, MRHMFL provided housing loan amounting to ₹ 92.08 crore.



As on 31st March 2020, AUM for housing loans business stood at ₹ 286.54 crore as compared to ₹ 270.24 crore as on 31st March 2019. This marked a growth of 6.03%.

FINANCIAL PERFORMANCE

(Amount in ₹ Lakhs)

Particulars	Standalone		Consolidated	
	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
Revenue from Operations	68,239.78	57,233.34	72,205.89	60,457.65
Other Income	71.75	24.68	35.91	12.01
Total Income	**68,311.53**	**57,258.02**	**72,241.80**	**60,469.66**
Total Expenditure	**44,863.77**	**33,865.07**	**48,381.61**	**36,668.85**
Profit Before Tax	23,447.76	23,392.95	23,860.19	23,800.81
Provision for Taxation (Including Current tax, Deferred Tax & Income Tax of earlier Years)	5,626.45	8,181.44	5,734.05	8,340.16
Net Profit	**17,821.31**	**15,211.51**	**18,126.14**	**15,460.65**
Profit Brought Forward	27,309.10	17,557.38	27,578.60	17,755.10
Net Profit after profit attributable to minority shareholders	-	-	17,995.76	15,353.69
Effect of changes in Group's interest	-	-	-	13.15
Item of other comprehensive income recognised directly in retained earnings - on defined benefit plan	(22.21)	(9.51)	(24.06)	(8.19)
Transition impact of Ind-AS 116	(10.31)	-	(12.45)	-
Profit Available for Appropriation	**45,097.89**	**32,759.38**	**45,537.85**	**33,113.75**
APPROPRIATIONS:				
Transfer to reserve u/s 45-IC of RBI Act, 1934	3,564.26	3,042.30	3,564.26	3,042.30
Transfer to reserve u/s 29-C of NHB Act, 1987	-	-	53.04	61.28
Final Dividend on equity shares	1,967.83	1,180.70	1,967.83	1,180.70
Interim Dividend on Equity Shares	4,372.96	819.93	4,372.96	819.93
Final Dividend on Preference shares	-	-	-	19.09
Dividend distribution tax on Equity Shares	1,307.26	407.35	1,308.56	407.91
Dividend distribution tax on Preference Shares	-	-	-	3.95
Surplus Balance carried to Balance Sheet	**33,885.58**	**27,309.10**	**34,271.20**	**27,578.60**

Details of significant changes in Key Financial Ratios

During FY 2019-20, there were no significant changes (changes exceeding 25% or more as compared to the immediately previous financial year) in Key Financial Ratios.

Details of changes in Return on Net Worth

For FY 2019-20, despite special COVID provisioning, the Company managed to maintain return on Net Worth at a robust level of 18.29% (FY 2018-19: 18.07%). Without the effect of special COVID provisioning, the Company's return on Net Worth for FY 2019-20 would have stood at 19.85%.

LIABILITY MANAGEMENT

Liability management is of utmost importance at MAS. It is the bedrock of the Company's consistent strong performance and impeccable reputation of reliability and rectitude over the years. It enables MAS to tide over the challenges in the industry as well as raise adequate liability as per regulatory requirements.

In the wake of the COVID-19 pandemic and the volatile markets, the Company also assessed its structural liquidity for the period ended 31st March 2020 after taking into account the moratorium extended to its borrower under the RBI relief. Based on the assessment, the Company is comfortably placed to meet its repayment obligations and there is no negative impact on liquidity or cash flow. The Company has also made efforts, over the years, to forge strong bonds with leading banks and various financial institutions. It intends to leverage its strong reputation and fund management experience and expertise to deliver benefits for its clients and value for its stakeholders.

As on 31st May 2020, the Company had total liquidity buffer of around ₹ 700 crore and had unutilised cash credit facility of ₹ 700 crore. The Company has also applied for fresh sanctions from its existing lenders as well as under the various schemes launched by Reserve Bank of India and Government of India.

RESOURCE MOBILISATION

- Share Capital

  As on 31st March 2020, the issued and paid-up Equity Share Capital of the Company stood at ₹ 54,66,20,430 consisting of 5,46,62,043 Equity Shares of ₹ 10 each (As at 31st March 2019: 5,46,62,043 Equity Shares of ₹ 10 each)

- Term loans

  For FY 2019-20, the Company availed term loans amounting to ₹ 929.50 crore with an average tenure of 4 years.

- Assignment of loan portfolio

  The company derecognises certain portion of its loan portfolio through assignments. During FY 2019-20, the Company assigned a part of its loans portfolio amounting to ₹ 2,963.67 crore through various agreements with assignees.

- Non-Convertible Debentures (NCDs)

  The Company had not issued any NCDs during FY 2019-20.

- Commercial Paper (CP)

  For FY 2019-20, the Company had not issued any Commercial Paper (CP) or any short-term instrument.

CREDIT RATINGS

For FY 2019-20, the below credit rating was obtained from Acuité Ratings & Research on 6th March 2020.

- Acuité has reaffirmed its long-term rating of 'ACUITE AA-'(read as ACUITE double A minus) on the ₹ 3,200.00 crore bank facilities with 'Stable' Outlook.

- Acuité has assigned its long-term rating of 'ACUITE AA-'(read as ACUITE double A minus) on the ₹ 1,000.00 crore bank facilities with 'Stable' Outlook.

- Acuité has reaffirmed its short-term rating of 'ACUITE A1+'(read as ACUITE A one plus) on the ₹ 300.00 crore Commercial Paper Programme.

CAPITAL MANAGEMENT

Through a prudent capital management strategy, the Company constantly works towards maximising returns on capital employed. At the same time, it ensures that its strategy is within the purview of the guidelines laid down by the RBI. MAS aims to enhance its capital management practices towards strengthening its balance sheet.

CREDIT AND RISK MANAGEMENT

Effective risk management is an intrinsic part of the lending business. Risks may emerge from within the Company, due to its operations and strategy, or from external factors. MAS ensures efficient risk management through timely identification, assessment, and mitigation. The Company has put in place well-structured and tested risk mitigation policies and processes, such as robust credit models and operational systems to successfully manage the risks.

The Company's primary activity is lending to customers or counterparty and therefore the process of receivables management is inherently exposed to various risks. Credit risk mainly arises from loans and advances to customer or counterparty who defaults on their contractual obligations resulting in financial loss to the company. To combat these risks, debtors are under the Company's surveillance and regular follow-ups for collection are executed. Further, to mitigate the risk of fluctuations in interest rates, MAS maintains sufficient spreads, offers relatively short tenure loans and resets lending rates periodically.

At the end of FY 2019-20, the net NPAs of the Company stood at 1.14% of total AUM.

The Company extends loans for an average tenure of 26 months. Besides, it has a diversified portfolio of borrowers within its business segments. The inter-segment and intra segment diversity applied to a very large market size, serves as a very potent protection against market risks that could occur due to various macro-economic developments. Nonetheless, the Company is constantly vigil to market developments and takes appropriate action from time to time to ensure that these changes do not adversely impact the operations of the Company.

OPPORTUNITIES & THREATS

Opportunities

- Diverse product mix and pan-India presence to accelerate growth
- Adequate capitalisation to support medium-term growth plans
- Strong brand presence among lower income and middle-income groups of the society spread across urban, semi urban, and rural areas
- Proven track record of catering to the MSME sector
- Government MSME initiatives to further boost the sector

Threats

- Increasing competition from local and global players
- Exposure to semi-formal and informal lending segment
- Unpredicted Government reforms due to COVID-19 pandemic

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Being in the lending business, the Company realises that the impact of internal risks could outweigh those of external risks as personnel of a company have the potential to influence a significant number of loans as compared to a single borrower. For this reason, internal control at MAS is a constantly evolving process. The Company from time to time strives to improve its internal control systems and operational efficiencies to enhance the quality of its portfolio.

The Company has well-defined internal control systems commensurate with the size and nature of its business. These internal controls are responsible for tracking the originators' activities, quality of logins and stringent credit checks and appraisal, which are evaluated on the basis of the portfolio quality. The Company takes a holistic view of the credit assessment process by framing credit screens based on reliable demographic data and strict adherence of the same with an element of adaptability. At the same time, there is no compromise on the fundamentals of extending credit where it is due. The internal audit department comprises both an internal as well as an external team to identify the gaps, while the risk and monitoring department is expected to periodically scrutinise various trends of the portfolio behaviour and macro developments.

Further, other considerable internal controls at MAS comprise constant monitoring of operational expenditure with an endeavour to bring it down through improved efficiencies rather than just focussing on reducing the expenditure. The efficacy and adequacy of internal controls and their execution are driven by the ethos of striving for constant improvement.

HUMAN RESOURCES

Employees are the most important asset of the Company and pivotal to the growth and success of the organisation. The HR policy of the Company focusses on attracting, retaining, and motivating the best talent in the industry to ensure achievement of business aspirations and objectives. It ensures that its employees adhere to the Company's culture and follow its values and principles. The promoters abide by the highest standards of corporate governance and are proactively involved in the management of the Company, with strategic inputs from an able and well-diversified board.

The key management team at MAS comprises a competent group of committed resources and is well-equipped to design strategies and execute them for sustainable growth of the Company. Majority of the team members have been with the Company since inception, constantly extending their relentless efforts as they align their personal objectives with those of the Company.

The Company constantly endeavours to strengthen its human resources and ensure that its work ethics and culture is followed by every employee. As on 31st March 2020, the employee strength of the Company stood at 887.

OUTLOOK

Over the last decade, NBFCs have assumed critical importance in the financial system. India's financing requirements have been rising significantly on the back of favourable demographics, increasing incomes, and growing awareness and aspirations. The NBFC sector has been growing from strength to strength by serving the underserved retail and MSME segments which are the backbone of India's growth story.

These sectors have been financially under-served or completely excluded by the formal financial sector, which has stalled their development. However, credit flow to these sectors has been growing with increasing participation of banks, NBFCs, and other financial institutions. NBFCs approach the target customer segments with innovative and customised lending products. They have developed efficient loan processing capabilities through the use of technology platform and cost-efficient processes, with an ability to offer faster loan turnaround time.

Going forward, the sector may witness subdued growth as demand for housing assets, consumer goods, micro finance, and working capital finance may remain weak in the light of the COVID-19 pandemic. However, the sector is expected to slowly pick up pace in the medium-to-long term as the measures taken by the government and the RBI have been reflective of the government support to the NBFC sector in order to promote economic growth.

Understanding customers' needs and their predicament, MAS has adopted measures to assist customers and meet their needs and remain a strategic partner that truly extends support, even during times of crisis.

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 2019-20.

Annexure - J

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company believes that effective Corporate Governance is not just the framework enforced by the regulation but it is supported through the principles of transparency, unity, integrity, spirit and responsibility towards the stakeholders, shareholders, employees and customers. Good Corporate Governance requires competence and capability levels to meet the expectations in managing the business and its resources and helps to achieve goals and objectives of the organization; It enhances long term Shareholders value through assisting the top management in taking sound business decisions and prudent financial management and achieving transparency and professionalism in all decisions and activities of the Company.

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 ("SEBI 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 dated February 17, 2020 (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 seven (7) Directors out of which two (2) are Promoter Executive Directors, one (1) is woman Executive Director, one (1) is woman Independent Director and Three (3) are non-promoter Independent Directors as on March 31, 2020. As on the date of this report, the Board comprises following Directors:

Name of Directors	Designation	Category	Date of Appointment	Total Directorship including this Company	No. of Committee Membership/ chairman in other Domestic company including this Company^		No. of Equity Shares held as on March 31, 2020
					Chairman#	Members##	
Mr. Kamlesh Chimanlal Gandhi	Chairman & Managing Director (Promoter)	Executive Director	25/05/1995	4	-	-	62,81,583*
Mr. Mukesh Chimanlal Gandhi	Whole-time Director & CFO (Promoter)	Executive Director	25/05/1995	5	-	2	1,61,55,814
Mrs. Darshana Saumil Pandya	Director & CEO	Executive Director	23/09/2016	2	-	-	15,434
Mr. Balabhaskaran	Independent Director	Non - Executive Director	25/05/1995	4	3	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	200
Mrs. Daksha Niranjan Shah	Independent Director	Non - Executive Director	14/03/2019	6	-	-	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. Mukesh Chimanlal Gandhi	1. Stakeholder Relationship Committee – MAS Financial Services Limited 2. Audit Committee – MAS Rural Housing & Mortgage Finance Limited
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

* Mr. Kamlesh Gandhi, Chairman & Managing Director (Promoter) of the Company has purchased the 4,250 equity shares of the Company consisting of 2,250 equity shares on 30/03/2020 & 2,000 equity shares on 31/03/2020. However, the said shares were not reflected under the BENPOS received from Registrar and Transfer Agent as the same were in transit process. Therefore, we are unable to mention the said shares in the shareholding pattern filed with Stock Exchanges for the quarter ended on 31st March, 2020.

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

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

None of the Directors on the Board holds directorships in more than eight listed companies and none of the Independent Director serves as an Independent Director on 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 Meeting:

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

During the year under review, Board of Directors of the Company met 5 times, viz May 08, 2019, July 31, 2019, November 06, 2019, February 05, 2020 and February 19, 2020.

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 (2019-20)	No. of Board Meeting attended during the year (2019-20)	Attended the previous AGM (Yes or No)
Mr. Kamlesh C. Gandhi	5	5	Yes
Mr. Mukesh C. Gandhi	5	5	Yes
Mrs. Darshana S. Pandya	5	5	Yes
Mr. Balabhaskaran	5	5	Yes
Mr. Chetan R. Shah	5	5	No
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	-
Mr. Mukesh Chimanlal Gandhi	1. MAS Financial Services Limited#	Executive Director	SRC Committee - Member
	2. MAS Rural Housing & Mortgage Finance Limited	Executive Director	Audit Committee - Member
	3. Swalamb Mass Financial Services Ltd	Executive Director	-
	4. Finance Industry Development Council	Executive Director	-
	5. Prarthna Marketing Private Limited	Executive Director	-
Mrs. Darshana Saumil Pandya	1. MAS Financial Services Limited#	Executive Director	-
	2. MAS Rural Housing & Mortgage Finance Limited	Executive Director	-
Mr. Balabhaskaran	1. MAS Financial Services Limited	Non - Executive Director	Audit Committee – Chairman Nomination & Remuneration Committee – Chairman SRC - Chairman
	2. MAS Rural Housing & Mortgage Finance Limited	Non - Executive Director	Audit Committee – Chairman Nomination & Remuneration Committee - Chairman
	3. Swalamb Mass Financial Services Ltd	Non - Executive Director	-
	4. Kesavan Chandrika Foundation	Non - Executive Director	-
Mr. Chetan Ramniklal Shah	1. MAS Financial Services Limited#	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee – Member SRC - Member
	2. MAS Rural Housing & Mortgage Finance Limited	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee - Member
Mr. Umesh Rajanikant Shah	1. MAS Financial Services Limited#	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee – Member
Mrs. Daksha Niranjan Shah	1. MAS Financial Services Limited#	Non - Executive Director	-
	2. Saline Area Vitalisation Enterprise Limited	Non - Executive Director	-
	3. Sadbhav Infrastructure Project Limited#	Non - Executive Director	-
	4. Altura Financial Services Limited	Executive Director	-
	5. Sadbhav Udaipur Highway Private Limited	Additional Director	-
	6. Rohtak – Panipat Tollway Private Limited	Additional 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 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.	Mr. Mukesh C. Gandhi		He is Co-founder, Whole time director & CFO of the company. He has over 24 years of experience in the financial services sector, with our Company. He is actively involved in the strategic decisions of the company. He has substantial exposure to financial services. He is well-known industry expert and a popular public speaker on various issues in Finance. He is an academician and Chairman of Gujarat Finance Company Association & also the committee Member of Finance Industry Development Council (FIDC). He holds Bachelor's and Master's degrees in commerce from Gujarat University. He possesses all skills & expertise as required for the growth of the Company in future.
3.	Mrs. Darshana S. Pandya		She is having vast experience in Finance sector for past 23 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 a career span of 23 years, 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 90 NBFC-MFI & NBFC Partners.
4.	Mr. Balabhaskaran		He has over 23 years of professional experience and has in the past held various positions with Shanti Business School as Director, PGDM, Gujarat Industrial Investment Corporation Limited as Senior Manager (Overseas Cell), Jyoti Limited as the Corporate Planning Officer, Bihar State Credit & Investment Corporation Private Limited as Development Officer, Indian Institute of Management as a researcher, Tata Merlin & Gerin Limited as Junior Engineer, Khira Steel Works Private Limited as Trainee Industrial Engineer, and Reunion Engineering Company Private Limited as Trainee Engineer. He holds a bachelor's of technology degree in electrical engineering (power) from Indian Institute of Technology, Madras, a post graduate diploma in management from Indian Institute of Management, Bangalore and a doctorate in management from Sardar Patel University. He is also a qualified chartered financial analyst registered with the Institute of Chartered Financial Analysts of India. The Company is benefitted from the valuable experience, knowledge and Expertise of Mr. Balabhaskaran.
5.	Mr. Chetan R. Shah		He has over 34 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.

Sr. No.	Name of the Directors	Skills/Expertise identified by the Board	Specialization
6.	Mr. Umesh R. Shah		He has more than five decades of experience in the diversified fields connected with Finance, Accounting, Auditing and Taxation. He is Bachelor of Commerce and Chartered Accountant holding membership of the Institute of the Chartered Accountants of India (ICAI) since 1980. The Company is benefitted from the valuable experience, knowledge and Expertise Mr. Umesh R. Shah.
7.	Mrs. Daksha N. Shah		She has rich experience of more than three decades in diversified fields of Textile, Chemical and Financial services. She worked as a Programme Director of Vikas Centre for Development and Friends of Women's World Banking by serving and building capacity of more than 80 Microfinance Organizations all over India. She has served on the Board of various MFIs as well as Trustee of various Trusts involved in social and humanitarian work. She worked as Managing Director of Pahal Financial Services Pvt. Ltd from 2011 to 2014. At present she is the Managing Director of Altura Financial Services Ltd since 2014. She is a business graduate from Indian Institute of Management (IIM), Ahmedabad, specializing in Finance and Marketing and also a student of Economics and Statistics. She has undergone various courses such as the course in Microfinance at the Economic Institute, Boulder, Colorado, USA. The Company is benefitted from the valuable experience, knowledge and Expertise of Mrs. Daksha N. Shah.

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

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

INDEPENDENT DIRECTORS AND EVALUATION OF DIRECTORS AND THE BOARD:

In terms of Section 149 of the Companies Act, 2013 and rules made there under, the Company has Four Non-Promoter Independent Directors in line with the Companies Act, 2013 and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms and conditions of appointment of Independent Directors and Code for Independent Directors are incorporated on the website of the Company at www.mas.co.in.The Company has received necessary declaration from each Independent Directors under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 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 Reg. 25 (8) & (9) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the 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 04/03/2020 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 2019-20 and the time spent by Independent Directors was in the range of 1- 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 4 (Four) times on May 07, 2019, July 30, 2019, November 5, 2019, and February 5, 2020.

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 2019-20	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	3
Mr. Chetan Shah	Member	4	4
Mr. Umesh Shah	Member	4	4

The Statutory Auditors and Internal Auditors of the Company are invited in the meeting of the Committee wherever required. Mr. Mukesh Gandhi, Whole-time Director & CFO of the Company is a regular invitee at the Meeting.

Mr. Balabhaskaran, the Chairman of the Audit Committee had attended last Annual General Meeting of the Company held on June 26, 2019.

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

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

A. Broad terms of Reference:

The role of the audit committee shall include the following:

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

(2) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

(a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

(b) changes, if any, in accounting policies and practices and reasons for the same;

(c) major accounting entries involving estimates based on the exercise of judgment by management;

(d) significant adjustments made in the financial statements arising out of audit findings;

(e) compliance with listing and other legal requirements relating to financial statements;

(f) disclosure of any related party transactions;

(g) modified opinion(s) in the draft audit report;

(5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

(7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.

(8) Approval or any subsequent modification of transactions of the listed entity with related parties;

(9) Scrutiny of inter-corporate loans and investments;

(10) Valuation of undertakings or assets of the listed entity, wherever it is necessary;

(11) Evaluation of internal financial controls and risk management systems;

(12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(14) Discussion with internal auditors of any significant findings and follow up there on;

(15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

(16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(18) To review the functioning of the whistle blower mechanism;

(19) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

(20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

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

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

B. The audit committee shall mandatorily review the following information:

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

B. NOMINATION AND REMUNERATION COMMITTEE:

The Company has formed Nomination and Remuneration Committee in line with the provisions Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements). Nomination and Remuneration Committee meetings are generally held for identifying the person who is qualified to become Director or Key Managerial Personnel and may be appointed in senior management and recommending their appointments and removal. During the year under review, Nomination and Remuneration Committee met 4 (Four) times on May 07, 2019, July 30, 2019, November 5, 2019, and February 5, 2020.

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 2019-20	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	3
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 lakhs.)
1.	Mr. Kamlesh Gandhi	Chairman & Managing Director	Salary	846.14
2.	Mr. Mukesh Gandhi	Whole-Time Director & CFO	Salary	844.98
3.	Mrs. Darshana Pandya	Director & CEO	Salary	32.68

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

Sr. No.	Name of Directors	(₹)
1.	Mr. Bala Bhaskaran	1,75,000/-
2.	Mr. Chetan Shah	2,35,000/-
3.	Mr. Umesh Shah	1,95,000/-
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 agreement with Mr. Mukesh C. Gandhi who is the Whole-time Director of the Company.

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

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

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

C. STAKEHOLDER'S RELATIONSHIP COMMITTEE:

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

During the year under review, Stakeholder's Relationship Committee met 4 (Four) times on May 07, 2019, July 30, 2019, November 5, 2019, and February 5, 2020.

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 2019-20	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	3
Mr. Mukesh Gandhi	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, 2020.

Mr. Balabhaskaran, the Chairman of the Committee had attended last Annual General Meeting of the Company held on June 26, 2019.

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. GENERAL BODY MEETINGS

a. Annual General Meetings:

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

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

Resolution(s)	Details of Resolution(s)	Resolution(s) Passed on	Total No. of votes in favour	Total No. of votes against	% of votes in favour	% of votes against
Special	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

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	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
Special	Approval for increasing the Borrowing Powers under Section 180(1)(c) upto ₹ 5,000 crores.	June 27, 2018	46271477	214241	99.5391	0.4609
Special	Approval for creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a).	June 27, 2018	46271209	214209	99.5392	0.4608
Special	Approval for increasing the Borrowing Powers under Section 180(1)(c) upto ₹ 3500 crores.	June 21, 2017	10	0	100.00	0.00
Special	Approval for creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a).	June 21, 2017	10	0	100.00	0.00

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

b. **Special Resolution passed through Postal Ballot during FY 2019-20:** On 14th March, 2020, one special resolution was passed through postal ballot alongwith e-voting with respect to re-appointment Mrs. Daksha Niranjan Shah (DIN: 00376899) as a Woman Independent Director of the Company for a second term of five years.

M/s. Ravi Kapoor & Associates (Membership No. FCS 2587), was appointed as scrutinizer for conducting the postal ballot in a fair and transparent manner. Details of voting on the resolution is as follows:

Resolution	Details of Resolution	Resolution Passed on	Total No. of votes in favour	Total No. of votes against	% of votes in favour	% of votes against
Special	Re-appointment of Mrs. Daksha Niranjan Shah (DIN: 00376899) as Woman Independent Director of the Company for a second term of 5 years.	March 14, 2020	44578328	150077	99.6645	0.3355

The aforesaid resolution was passed by the shareholders by overwhelming and requisite majority.

Procedure for postal ballot

Pursuant to the provisions of the Act and the Listing Regulations, the Company provided facility to the members to exercise votes through electronic voting system ('remote e-voting'), in addition to physical ballot. Postal ballot notices and forms were dispatched along with the postage pre-paid business reply envelope to members/beneficial owners through email at their registered email IDs and through physical copy to the members who have not registered their email IDs. The Company also published notice in the newspapers for the information of the members. Voting rights were reckoned on the equity shares held by the members as on the cut-off date 7th February, 2020. Pursuant to the provisions of the Act, the Company appointed M/s. Ravi Kapoor & Associates (Membership No. FCS 2587), scrutiniser for conducting the postal ballot process in a fair and transparent manner. The scrutiniser submitted his consolidated report to the Chairman and the voting results were announced by the Company by placing the same alongwith the scrutiniser's report on the Company's website, besides being communicated to the stock exchanges on 16th March, 2020. The resolution, was passed with requisite majority, and the date of passing the same shall be deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or remote e-voting i.e. 14th March, 2020.

c. **As on date of this report, no Special Resolution is proposed to be conducted through Postal Ballot.**

E. MEANS OF COMMUNICATION:

a. Financial Results:

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

b. Website:

The Company's website www.mas.co.in contains a separate dedicated section namely "Investors" where shareholders information is available. The Annual Report of the Company is also available on the website of the Company https://www.mas.co.in/annual-reports.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.

F. GENERAL SHAREHOLDERS INFORMATION:

a. Company Registration details:

The Company is registered in the State of Gujarat, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L65910GJ1995PLC026064.

b. Registered Office:

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

c. Date, time and venue of the 25th Annual General Meeting:

25th Annual General Meeting is to be held on Wednesday, December 9, 2020 at 11:30 A.M. Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

d. Financial Year:

Financial year is April 1, 2020 to March 31, 2021 and financial results will be declared as per the following schedule.

Particulars	Tentative Schedule
Quarterly Results	
Quarter ending on June 30, 2020	On or before August 14, 2020 (Approved in the Board meeting held on August 12, 2020)
Quarter ending on September 30, 2020	On or before November 14, 2020 (Approved in the Board meeting held on November 11, 2020)
Quarter ending on December 31, 2020	On or before February 14, 2021
Annual Result of 2020-21	On or before May 30, 2021

e. Dividend Payment:

The Company paid Final Dividend of ₹ 3.60/- (Rupees Three and Sixty Paise Only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (36%) aggregating to ₹ 19,67,83,354.80/- (Rupees Nineteen Crore Sixty Seven Lakh Eighty Three Thousand Three Hundred Fifty Four and Eighty Paise only) for the F.Y. 2018-19. The same was recommended by Board of Directors in their meeting held on May 08, 2019 which was subsequently approved by members in the 24th Annual general meeting held on 26th June, 2019. The said dividend was paid on 3rd July, 2019. An amount of ₹ 4,04,49,397/- was paid as dividend distribution tax on the dividend.

During the year under review, the Company had paid an interim dividend of ₹ 2/- (Rupees Two only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (20%) aggregating to ₹ 10,93,24,086/- (Rupees Ten Crore Ninety Three Lakh Twenty Four Thousand Eighty Six only). The same was declared by Board of Directors in their meeting held on November 06, 2019. The said dividend was paid on 26th November, 2019. An amount of ₹ 2,24,71,883/- was paid as dividend distribution tax on the dividend.

Further during the year under review, the Company had paid second interim dividend of ₹ 6/- (Rupees Six only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (60%) aggregating to ₹ 32,79,72,258/- (Rupees Thirty Two Crore Seventy Nine Lakh Seventy Two Thousand Two Hundred and Fifty Eight only). The same was declared by Board of Directors in their meeting held on February 02, 2020. The said dividend was paid on 6th March, 2020. An amount of ₹ 6,74,15,662/- was paid as dividend distribution tax on the dividend.

Cumulatively, the Board of Directors of your company has declared / recommended a total Dividend of ₹ 8 per equity shares of ₹ 10 each (@ 80 %) for the year under review.

Further, the Board of Directors of the Company has not proposed Final Dividend F.Y. 2019-20.

f. Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Thursday, December 3, 2020 to Wednesday, December 9, 2020 (both days inclusive) for the purpose of 25th 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 PhirozeJeejeebhoy Towers Dalal Street Mumbai – 400001 Scrip Code: **540749**	National Stock Exchange of India Limited Exchange Plaza Plot No. C/1, G Block Bandra-Kurla Complex Bandra (East) Mumbai – 400051 Trading Symbol:**MASFIN**

The Company's Debt Securities are listed on BSE Ltd. 951920; 952312; 959775*; 959807* and 959921*

*(The Company in its Board Meeting held on June 16, 2020 further approved the borrowing of funds by way of issuance of Secured, Rated, Listed, Redeemable, Non-Convertible, taxable debentures up to an aggregate amount of ₹ 500 Crores, in one or more tranches through Private placement. As on the date of this report the Company has issued the NCDs amounting to ₹ 250 Cr.)

Annual listing fees for the year 2020-2021 have been paid by the Company to BSE Ltd. & NSE.

h. Market Price Data:

Month	Company's Shares	
	High (In ₹)– BSE	Low (In ₹) - BSE
April, 2019	617.95	567.10
May, 2019	591.90	511.20
June, 2019	631.50	522.50
July, 2019	645.00	557.00
August, 2019	640.00	573.00
September, 2019	715.25	580.00
October, 2019	764.00	660.85
November, 2019	739.80	696.00
December, 2019	927.00	711.00
January, 2020	1,000.00	826.05
February, 2020	1,269.00	947.70
March, 2020	1,130.00	448.05

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, 2019	598.90	39,031.55
May, 2019	529.15	39,714.20
June, 2019	609.65	39,394.64
July, 2019	586.45	37,481.12
August, 2019	591.65	37,332.79
September, 2019	685.35	38,667.33
October, 2019	720.75	40,129.05
November, 2019	712.80	40,793.81
December, 2019	860.65	41,253.74
January, 2020	982.85	40,723.49
February, 2020	1,054.95	38,297.29
March, 2020	526.45	29,468.49

** closing data on the last day of the month

Month	Company's Shares	
	High (In ₹) – NSE	Low (In ₹) – NSE
April, 2019	620.00	564.35
May, 2019	595.00	509.05
June, 2019	634.90	525.00
July, 2019	650.00	558.05
August, 2019	677.90	560.00
September, 2019	719.60	576.05
October, 2019	764.40	660.10
November, 2019	738.00	690.00
December, 2019	927.00	701.15
January, 2020	998.00	826.00
February, 2020	1,270.00	940.95
March, 2020	1,159.70	443.95

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

Month	MASFIN Share Price at NSE**	NIFTY**
April, 2019	597.55	11,748.15
May, 2019	530.80	11,922.80
June, 2019	610.35	11,788.85
July, 2019	587.30	11,118.00
August, 2019	585.60	11,023.25
September, 2019	690.05	11,474.45
October, 2019	722.85	11,877.45
November, 2019	713.50	12,056.05
December, 2019	867.45	12,168.45
January, 2020	985.30	11,962.10
February, 2020	1,039.75	11,201.75
March, 2020	524.30	8,597.75

** closing data on the last 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, OLff,
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, 2020:

a. Distribution of Shareholding as on March 31, 2020:

Range of No. of Shares	No. of Shareholders		Shares held	
From – To	**Number**	**%**	**Number**	**%**
1-500	18505	94.6596	1122943	2.0543
501-1000	531	2.7163	379189	0.6937
1001-2000	257	1.3146	363660	0.6653
2001-3000	79	0.4041	196819	0.3601
3001-4000	41	0.2097	144956	0.2652
4001-5000	27	0.1381	121747	0.2227
5001-10000	49	0.2507	356337	0.6519
10001 and above	60	0.3069	51976392	95.0868
Total	**19549**	**100**	**54662043**	**100**

b. Shareholding Pattern as on March 31, 2020:

Category	No. of shares held		Total No. of Shares	% of Holding
	Physical	**Demat**		
Promoter and Promoter Group*	-	4,02,23,244	4,02,23,244	73.5853
Mutual Funds	-	48,52,144	48,52,144	8.8766
Banks/FI/Central Govt./State Govts/ Trusts & Insurance Companies	-	5,475	5,475	0.0100
Foreign Institutional Investors/ Portfolio Investor	-	8,33,716	8,33,716	1.5252
NRI	-	1,35,472	1,35,472	0.2478
Foreign Nationals	-	-	-	-
Foreign Companies	-	-	-	-
Bodies Corporate	-	11,51,268	11,51,268	2.1062
Clearing Member	-	23,676	23,676	0.0433
Directors / Relatives of Director#	-	30,762	30,762	0.0563
Indian Public / HUF	-	24,02,716	24,02,716	4.3956
Trusts	-	39,90,422	39,90,422	7.3002
NBFCs registered with RBI	-	-	-	-
Alternate Investment Funds	-	10,13,148	10,13,148	1.8535
Total	**-**	**5,46,62,043**	**5,46,62,043**	**100.00**

* The following persons / entity belonging to promoter and promoter group of the Company has purchased the equity shares of the Company as on 30/03/2020 & 31/03/2020. However, the said shares were not reflected under the BENPOS received from Registrar and Transfer Agent as the same were in transit process. Therefore, we are unable to mention the said shares in this shareholding pattern filed with Stock Exchanges for the quarter ended on 31st March, 2020:

(i) Mr. Kamlesh Chimanlal Gandhi: 4,250 shares (purchased 2250 shares on 30/03/2020 & 2000 shares on 31/03/2020)

(ii) M/s. Anamaya Capital LLP: 4,327 shares (purchased 2223 shares on 30/03/2020 & 2104 shares on 31/03/2020)

Mr. Saumil Pandya belonging Directors / Relatives of Director of the Company has purchased 574 equity shares of the Company i.e. 100 shares on 30.03.2020 & 474 shares 31.03.2020. However in BENPOS received from Registrar and Transfer Agent as on 31st March, 2020 reflected his holding as 13,683 shares excluding above bought shares as the same were in transit process.

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, 2020.

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 105 branches as on 31st March, 2020.

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
Mr. R. Chandra Sekher
506 To 508, Amarnath Business Centre – 1,
Beside Gala Business Centre,
Nr. St. Xavier's College Corner, Off. Chimanlal Girdharlal Rd.,
Sardar Patel Nagar, Ellisbridge,
Ahmedabad – 380006
Tel No.: +91 79 26465179 /86 / 87
Fax No.: +91 79 26465179
Email:mas.ipo@linkintime.co.in
Web: www.linkintime.co.in

q. Credit Ratings:

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

G. OTHER DISCLOSURES:

a. There were no materially significant Related Party Transactions and pecuniary transactions that may have potential conflict with the interest of the Company at large. The details of Related Party Transactions are disclosed in financial section of this Annual Report. The Board has approved a policy for related party transactions which is uploaded on the website of the Company at www.mas.co.in.

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

c. The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of Company's

Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safe guards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistle blowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company at www.mas.co.in.

d. The Company has complied with all mandatory requirements laid down by the Regulation 27 of the Listing Obligations and Disclosure Requirements Regulation, 2015. The non-mandatory requirements complied with wherever requires and the same has been disclosed at the relevant places.

e. The Company has one Subsidiary Company and therefore, the Company has adopted Policy for determining Material Subsidiary which is uploaded on the website of the Company at www.mas.co.in.

f. The Company has adopted Related Party Transactions Policy which is uploaded on the website of the Company at www.mas.co.in.

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

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

i. The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on March 31, 2020 in compliance with Regulation 17(8) of Listing Regulations. The certificate is appended as an Annexure to this report. They have also provided quarterly certificates on financial results while placing the same before the Board pursuant to Regulation 33 of Listing Regulation.

j. A qualified Practicing Company Secretary carried out a reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Secretarial Audit confirms that the total issued/paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

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

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

m. Total fees paid for the services to the statutory auditors is ₹ 59.51 Lakhs for the financial year 2019-20.

Particulars	Amount in Lakhs
Statutory audit	24.71
Limited review of quarterly results	29.43
Other Services	2.18
Reimbursements of expenses	3.19
Total	**59.51**

n. The designated Senior Management Personnel of the Company have disclosed to the Board that no material, financial and commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.

o. The Company has also adopted Material Events Policy, and Policy on Preservation of Documents which is uploaded on the website of the Company at www.mas.co.in.

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

q. With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading www.mas.co.in.

r. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It has obtained a certificate affirming the compliances from Practicing Company Secretary, CS Ravi Kapoor and the same is attached to this Report.

s. The Company has executed the Listing Agreement with the BSE Ltd. and the National Stock Exchange of India pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015. As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Director seeking appointment/re-appointment at the forthcoming AGM are given herein and in the Annexure to the Notice of the 25th AGM to be held on December 9, 2020.

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

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

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

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

H. LOCK IN SHARES:

Following shares held by the promoters of the company are under lock in as on March 31, 2020:

Sr. No.	Name	Category	No. of shares in lock in	Percentage of total shares held by them.
1.	Mrs. Shweta Kamlesh Gandhi	Promoter	54,66,205	33.4561
2.	Mr. Mukesh Chimanlal Gandhi	Promoter & Director	54,66,205	33.8343

I. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF LISTING REGULATIONS

Particulars	Regulation Number	Compliance Status
Board composition	17(1), 17(1A)	Yes
Meeting of Board of directors	17(2), 17(2A)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees / compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Recommendation of Board	17(11)	Yes
Maximum number of Directorships	17(A)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
Quorum of Nomination and Remuneration Committee meeting	19(2A)	Yes
Meeting of Nomination and Remuneration Committee	19(3A)	Yes
Composition of Stakeholder Relationship Committee	20(1), (2) & (2A)	Yes
Meeting of Stakeholders Relationship Committee	20(3A)	Yes
Composition and role of Risk Management Committee	21(1), (2), (3), (4)	Yes
Meeting of Risk Management Committee	21(3A)	Yes
Vigil Mechanism	22	Yes
Policy for related party transaction	23(1), (5),(6), (7) & (8)	Yes
Prior or omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
Approval for material related party transactions	23(4)	Yes
Disclosure of related party transactions on consolidated basis	23(9)	Yes
Composition of Board of Directors of unlisted material subsidiary	24(1)	Yes
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2), (3), (4), (5) & (6)	N. A.

Particulars	Regulation Number	Compliance Status
Annual Secretarial Compliance Report	24(A)	Yes
Maximum directorship & tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Declaration from Independent Director	25(8) & (9)	Yes
D & O Insurance for Independent Directors	25(10)	Yes
Membership in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior Management	26(3)	Yes
Disclosure of shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to obligations of directors and senior management	26(2) & 26(5)	Yes
Details of business	46(2)(a)	Yes
Terms and conditions of appointment of independent directors	46(2)(b)	Yes
Composition of various committees of board of directors	46(2)(c)	Yes
Code of conduct of board of directors and senior management personnel	46(2)(d)	Yes
Details of establishment of vigil mechanism/ Whistle Blower Policy	46(2)(e)	Yes
Criteria for making payments to non-executive directors	46(2)(f)	Yes
Policy for dealing with related party transactions	46(2)(g)	Yes
Policy for determining 'material' subsidiaries	46(2)(h)	Yes
Details of familiarization programmes imparted to independent directors	46(2)(i)	Yes
email address for grievance redressal and other relevant details	46(2)(j)	Yes
Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	46(2)(k)	Yes
Financial results	46(2)(l)	Yes
Shareholding pattern	46(2)(m)	Yes
Details of agreements entered into with the media companies and/or their associates	46(2)(n)	NA
Schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange	46(2)(o)	Yes
New name and the old name of the listed entity	46(2)(p)	NA

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

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

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

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

Date : 11th November, 2020
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, 2020 as per Para E of Schedule V read with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1st April, 2019 to 31st March, 2020. 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.

Ravi Kapoor & Associates

Ravi Kapoor
Proprietor
Mem. No FCS. 2587
COP No.: 2407
UDIN: F002587B001206130

Date: 11th November, 2020
Place: Ahmedabad

DECLARATION

I, Darshana Pandya, Director & Chief Executive Officer of MAS Financial Services Limited hereby declare that as of March 31, 2020 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: 11th November, 2020
Place: Ahmedabad

CERTIFICATE OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Darshana Pandya, Director & Chief Executive Officer, Mukesh C. Gandhi, Whole-time Director and Chief Financial 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, 2020 and to the best of our knowledge and belief:

i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

iii. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2020 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
Director & Chief Executive Officer
(DIN: 07610402)

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

Ankit Jain
Chief Financial Officer

Date: 11th November, 2020
Place: Ahmedabad

Annexure - K

Disclosures pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 last updated February 17, 2020 ("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. 31 to the Standalone Financial Statements and Note No. 31 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

Annexure - L

BUSINESS RESPONSIBILITY REPORT FOR THE FY 2019 - 20

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

SECTION – A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L65910GJ1995PLC026064
2. Name of the Company : MAS Financial Services Limited
3. Registered address : 6, Narayan Chambers, Ground Floor, B/h Patang Hotel, Ashram Road, Ahmedabad – 380 009.
4. Website : www.mas.co.in
5. E-mail id : riddhi_bhayani@mas.co.in
6. Financial Year reported : 2019-20
7. Sector(s) that the Company is engaged in (industrial activity code-wise) :

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

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

   The Company was established in 1995 and we have a long track record of more than two decades in providing finance to the MSME, loan to purchase Two-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 105 branches.

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

SECTION B: FINANCIAL DETAILS OF THE COMPANY (AS ON 31.03.2020)

1. Paid up Capital (₹ in Lakh) : ₹ 5466.20
2. Total Turnover (₹ in Lakh) : ₹ 68,239.78
3. Total profit after taxes (₹ in Lakh) : ₹ 17,821.31
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)

   The Company's total spending on CSR is ₹ 53,90,673.18/- approx. 0.33% of the average profit after taxes in the previous three financial years.

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

   A. Health

   B. Education

   C. Social welfare

SECTION C: OTHER DETAILS

1) Does the Company have any Subsidiary Company/ Companies?
   - Yes, The Company has 1 Subsidiary i.e. MAS Rural Housing & Mortgage Finance Limited.

2) Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
   - Business Responsibility initiatives of the Parent Company are generally followed by the Subsidiary 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	00187086	Mr. Mukesh Chimanlal Gandhi	Whole Time Director & CFO
3	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? If yes, specify? (50 words)	Y	-	Y	Y	Y	-	-	Y	Y
4	Has the policy being approved by the Board? If 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

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

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

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

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

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

(3) Governance related to BR

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

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

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

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

SECTION E: PRINCIPLE -WISE PERFORMANCE

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

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?
   - Yes, The Company has defined a Code of Conduct to deter wrongdoings and to promote ethical practices. Yes, the Code extends to all dealings with suppliers, customers and other business partners.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
   - The Company encourages all its stakeholders to freely share their concerns and grievances. The Company has received 9 complaints from various stakeholders during FY 2019-20, out of which all the 9 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: 887
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 629
3. Please indicate the Number of permanent women employees: 48
4. Please indicate the Number of permanent employees with disabilities: 02
5. Do you have an employee association that is recognized by management: No
6. What percentage of your permanent employees is members of this recognized employee association? N.A.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year (2019-20)	No. of complaints pending as on end of the financial year (2019-20)
1	Child labour/forced labour/involuntary	NIL	
2	Sexual harassment		
3	Discriminatory employment		

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

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

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

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

2. Out of the above, has the company identified the disadvantaged, vulnerable & Marginalized Stakeholders.
   Not Applicable

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
   Not Applicable

Principle 5: Businesses should respect and promote human rights.

1. Does the policy of the Company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
   - This is covered under our Policies on Business Responsibility Report. It is available on the website of the Company www.mas.co.in.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
   - Kindly refer Principle 1 point no. 2.

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

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
   - Not Applicable

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.
   - Not Applicable

3. Does the company identify and assess potential environmental risks? Y/N
   - Not Applicable

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
   - Not Applicable

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
   - No such initiatives carried out in the Financial year 2018-19

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
   - Not Applicable

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
   - Not Applicable

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

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

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

Principle 8: Businesses should support inclusive growth and equitable development

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

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

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

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?
   - Amount spent ₹ 53,90,673.18/-. Please refer to Annual Report on CSR Activities for details.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
   - Your Company's CSR initiatives are aligned to the mission of transforming rural lives and driving a positive change in the communities. The Company actively implements projects and initiatives in the areas of health, education, employment & livelihood generation, afforestation, rural development and community welfare.
   - Your company has identified many bright students from more than 20 Schools who have completed their 8th Standard and wish to pursue their higher studies but are financially challenged and cannot afford basic requirements. The Company has sponsored their fees, school bags, stationeries, for undergoing higher studies and uniform. Your company believes that education is one of the most important investments which can create positive impact on society. Also, the Company has started constructing roof and shed to provide basic infrastructure to children in schools.
   - Your company has identified place where people were not getting fresh drinking water. In order to develop rural area and promoting health and sanitation Company installed RO Plant in Badlpur Prathmikshala, Mehsana. Now Students of Badlpur Prathmikshala get fresh and safe drinking water. Company assures the maintenance of the said RO Plant on regular basis. Further company is in search of identifying various rural places where other such development can be made.
   - Your Company has contributed for the welfare and treatment of cancer patients at Gujarat Cancer Society, Ahmedabad.
   - It is Company's continuous endeavor to increase its CSR impact and spend over the coming years, supplemented by its continued focus towards rural development, promoting health and sanitation.

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

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
   - Only 17 Consumer cases and no stakeholder complaints are pending as on 31st March, 2020.

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

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

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

Independent Auditor's Report

To the Members of MAS Financial Services Limited
Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the standalone financial statements of MAS Financial Services Limited (the 'Company'), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

EMPHASIS OF MATTER

As described in Note 7.1 to the standalone financial statements, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020, in accordance with Reserve Bank of India ('RBI') COVID-19 Regulatory Package.

As described in Note 42.1 (iv) to the standalone financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

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

KEY AUDIT MATTERS

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

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
Impairment of loans **Charge: INR 2,256.51 for the year ended 31 March 2020** **Provision: INR 5,856.44 as at 31 March 2020**	
Refer to the accounting policies in the standalone financial statements: Note 3.6 to the standalone financial statements: 'Significant accounting policies' and Note 7 to the standalone financial statements: 'Loans'	
Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ('ECL') model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.	Our key audit procedures included: **Design / controls** • Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice. • Understood management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The most significant areas are:
• Segmentation of loan book
• Determination of exposure at default
• Loan staging criteria
• Assigning internal rating to Retail Asset Channel
• Calculation of probability of default / Loss given default
• Consideration of probability weighted scenarios and forward looking macro-economic factors

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. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.</td><td>• Evaluated management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19.
• Tested the controls over 'Governance Framework' in line with RBI guidance.
• Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.
• Tested review controls over measurement of impairment allowances and disclosures in standalone financial statements.</td></tr>
<tr><td>Impact of COVID-19

On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.

We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of:
• Short-term and long-term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities;
• impact of the pandemic on the Company's customers and their ability to repay dues; and
• application of regulatory package announced by RBI on asset classification and provisioning.

Management has conducted a qualitative assessment of significant increase in credit risk ('SICR') of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by RBI and considered updated macroeconomic scenarios and the use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.</td><td>Substantive tests

• Assessed the appropriateness of management's rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of RBI / Government financial relief package.
• Assessed the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model.
• Corroborated through independent check and enquiries the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed.
• We used our modelling specialist to test the model methodology and reasonableness of assumptions used.
• Focused on appropriate application of accounting principles and reasonableness of assumptions used in the model.
• Performed test of details over of calculation of impairment allowance for assessing the completeness, accuracy and relevance of data.
• Model calculations testing through re-performance where possible.
• Appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral.
• Assessed the appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19.</td></tr>
<tr><td>Information technology

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.</td><td>Our audit procedures to assess the IT system access management included the following:

General IT controls / application controls and user access management

• We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access to program and data, program change, and system change management, program development and computer operations.</td></tr>
</table>

Key audit matter	How the matter was addressed in our audit
We have focused on user access management, change management, interface controls and system application controls over key financial accounting and reporting systems.	• We tested the design and operating effectiveness of key controls over user access management which includes granting access rights, new user creation, removal of user rights, user access review and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • We evaluated 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. • Other areas that were independently assessed included password policies, program change management procedures, system configurations, system interface controls, controls over changes to applications and that business users and developers did not have access to migrate changes in the production environment and the privileged access to applications, operating system or databases is restricted to authorized personnel.

OTHER INFORMATION

The Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon. 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 statement standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and the Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and the Board of Directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by Management and the Board of Directors.

- Conclude on the appropriateness of Management and the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government in terms of section 143 (11) of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

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

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

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

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

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

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

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

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.

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

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

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

Sameer Mota
Partner
Membership No: 109928
UDIN: 20109928AAAADQ3430

Mumbai
3 June 2020

Annexure 'A'

to the Independent Auditor's report on the standalone financial statements of MAS Financial Services Limited for the year ended 31 March 2020

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

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

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

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

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

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

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

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

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

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

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

vi. According the information and explanation given to us, maintenance of cost records has not been specified for the Company by the Central Government under section 148 (1) of the Act.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods and services tax, cess and other material statutory dues applicable to it to the appropriate authorities except instances of delay in payment of professional tax of ₹ 7,754 due to delay in registration of two branches. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs, duty of excise and value added tax.

There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, cess and other material statutory dues except for professional tax which were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. The extent of arrears of outstanding statutory dues has been given below:

Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Due Date
Department of Commercial Taxes	Professional tax	80.00	June 2019	15 July 2019
Department of Commercial Taxes	Professional tax	400.00	July 2019	15 August 2019
Department of Commercial Taxes	Professional tax	680.00	August 2019	15 September 2019

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

Name of Statute	Nature of dues	Period to which the amount relates	Amount disputed (₹ in Lakhs)	Amount unpaid (₹ in Lakhs)	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax	Assessment Year: 2017-2018	59.53	59.53	Deputy commissioner of Income tax

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks or dues to debenture holders. There are no loans or borrowings from government.

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

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, there are no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

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

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

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

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

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

Sameer Mota
Partner
Membership No: 109928
UDIN: 20109928AAAADQ3430

Mumbai
3 June 2020

Annexure 'B'

to the Independent Auditor's report on the standalone financial statements of MAS Financial Services Limited for the year ended 31 March 2020

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

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

OPINION

We have audited the internal financial controls with reference to the standalone financial statements of MAS Financial Services Limited (the 'Company') as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020 based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as the 'Act').

EMPHASIS OF MATTER

As described in Emphasis of Matter paragraph of our report to the standalone financial statements, the extent to which the COVID 19 pandemic will have impact on the Company's internal financial controls with reference to the standalone financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the standalone financial statements and their operating effectiveness.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENTS

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

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

Sameer Mota
Partner
Membership No: 109928
UDIN: 20109928AAAADQ3430

Mumbai
3 June 2020

Standalone Balance Sheet

as at 31 March 2020

(₹ in Lakhs)

	Note no.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial assets			
Cash and cash equivalents	5	102,446.81	35,577.06
Bank balance other than cash and cash equivalents	6	190.55	1,278.75
Loans	7	333,776.56	321,853.69
Investments	8	3,750.03	2,227.05
Other financial assets	9	8,900.09	3,411.10
Total financial assets		**449,064.04**	**364,347.65**
Non-financial assets			
Income tax assets (net)	26	221.38	95.16
Property, plant and equipment	10(a)	1,198.56	1,140.92
Capital work-in-progress	10(d)	4,821.34	4,564.43
Right-of-use asset	10(c)	128.44	-
Other intangible assets	10(b)	11.07	10.95
Other non-financial assets	11	234.54	196.05
Total non-financial assets		**6,615.33**	**6,007.51**
Total assets		**455,679.37**	**370,355.16**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		753.08	553.36
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	12	5,989.18	5,981.78
Borrowings (other than debt securities)	13	252,021.34	195,982.99
Other financial liabilities	14	90,693.87	72,419.32
Total financial liabilities		**349,457.47**	**274,937.45**
Non-financial liabilities			
Current tax liabilities (net)	26	-	1,621.04
Provisions	15	45.65	15.84
Deferred tax liabilities (net)	26	446.12	860.55
Other non-financial liabilities	16	1,858.73	1,938.58
Total non-financial liabilities		**2,350.50**	**4,436.01**
Total liabilities		**351,807.97**	**279,373.46**
EQUITY			
Equity share capital	17	5,466.20	5,466.20
Other equity	18	98,405.20	85,515.50
Total equity		**103,871.40**	**90,981.70**
Total liabilities and equity		**455,679.37**	**370,355.16**

See accompanying notes to the financial statements

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

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

Sameer Mota
Partner
Membership No: 109928

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)

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

Mumbai
3 June 2020

Ahmedabad
3 June 2020

Standalone Statement of Profit and Loss

for the year ended 31 March 2020

(₹ in Lakhs)

		Note no.	Year ended 31 March 2020	Year ended 31 March 2019
I.	**Revenue from operations**			
	Interest income	19	55,917.14	46,452.03
	Gain on assignment of financial assets		10,748.75	9,414.46
	Fees and commission income		1,573.89	1,366.85
	Total revenue from operations		**68,239.78**	**57,233.34**
	Other income	20	71.75	24.68
	Total income		**68,311.53**	**57,258.02**
II.	**Expenses**			
	Finance costs	21	27,201.70	20,413.33
	Fees and commission expense		601.88	404.35
	Impairment on financial assets	22	8,675.65	5,452.73
	Employee benefits expenses	23	5,240.79	4,714.63
	Depreciation and amortization	24	231.51	128.70
	Others expenses	25	2,912.24	2,751.33
	Total expenses		**44,863.77**	**33,865.07**
	Profit before exceptional items and tax (I - II)		23,447.76	23,392.95
	Exceptional items		-	-
III.	**Profit before tax**		**23,447.76**	**23,392.95**
IV.	**Tax expense:**			
	Current tax	26	6,291.68	8,226.41
	Short / (excess) provision for tax relating to prior years	26	(96.10)	8.93
	Net current tax expense		**6,195.58**	**8,235.34**
	Deferred tax (credit) / charge	26	(569.13)	(53.90)
	Net tax expense		**5,626.45**	**8,181.44**
V.	**Profit for the year (III - IV)**		**17,821.31**	**15,211.51**
VI.	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss:			
	Remeasurement of the defined benefit liabilities		(29.68)	(14.62)
	Income tax impact on above		7.47	5.11
	Net gain on equity instruments measured through other comprehensive income		-	(1.10)
	Income tax impact on above		-	0.38
	Total (A)		**(22.21)**	**(10.23)**
	(B) Items that will be reclassified to profit or loss:			
	Loans and advances through other comprehensive Income		658.09	(993.77)
	Income tax relating to items that will be reclassified to profit or loss		(165.64)	347.26
	Total (B)		**492.45**	**(646.51)**
	Other comprehensive income (A+B)		470.24	(656.74)
VII.	**Total comprehensive income (V + VI)**		**18,291.55**	**14,554.77**
VIII.	**Earnings per equity share (of ₹ 10 each):**	**27**		
	Basic (₹)		32.60	27.83
	Diluted (₹)		32.60	27.83

See accompanying notes to the financial statements

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

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

Sameer Mota
Partner
Membership No: 109928

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

Mumbai
3 June 2020

Ahmedabad
3 June 2020

Standalone Statement of changes in Equity

for the year ended 31 March 2020

(A) EQUITY SHARE CAPITAL

(₹ In Lakhs)

Equity Share of ₹ 10 each issued, subscribed and fully paid	
Balance at 31 March 2018	**5,466.20**
Changes in equity share capital during the year	-
Balance at 31 March 2019	**5,466.20**
Changes in equity share capital during the year	-
Balance at 31 March 2020	**5,466.20**

(B) OTHER EQUITY

(₹ In Lakhs)

	Reserves and surplus			Other comprehensive income		Total
	Reserve u/s. 45-IC of RBI Act, 1934	Securities premium	Retained earnings	Equity instruments through OCI	Loans and advances through OCI	
Balance at 31 March 2018	**7,915.45**	**42,687.43**	**17,557.38**	**0.50**	**3,759.10**	**71,919.86**
Profit for the year	-	-	15,211.51	-	-	15,211.51
Other comprehensive income (net of taxes)	-	-	(9.51)	(0.72)	802.34	792.11
Final dividend on equity shares	-	-	(1,180.70)	-	-	(1,180.70)
Interim dividend on equity shares	-	-	(819.93)	-	-	(819.93)
DDT on equity dividend	-	-	(407.35)	-	-	(407.35)
Transfer to reserve u/s. 45-IC of the RBI Act, 1934	3,042.30	-	(3,042.30)	-	-	-
Balance at 31 March 2019	**10,957.75**	**42,687.43**	**27,309.10**	**(0.22)**	**4,561.44**	**85,515.50**
Transition impact of Ind AS 116 (net of taxes)	-	-	(10.31)	-	-	(10.31)
Profit for the year	-	-	17,821.31	-	-	17,821.31
Other comprehensive income (net of taxes)	-	-	(22.21)	-	2,748.96	2,726.75
Final dividend on equity shares	-	-	(1,967.83)	-	-	(1,967.83)
Interim dividend on equity shares	-	-	(4,372.96)	-	-	(4,372.96)
DDT on equity dividend	-	-	(1,307.26)	-	-	(1,307.26)
Transfer to reserve u/s. 45-IC of the RBI Act, 1934	3,564.26	-	(3,564.26)	-	-	-
Balance at 31 March 2020	**14,522.01**	**42,687.43**	**33,885.58**	**(0.22)**	**7,310.40**	**98,405.20**

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

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

Sameer Mota
Partner
Membership No: 109928

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)

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

Mumbai
3 June 2020

Ahmedabad
3 June 2020

Standalone Statement of Cash Flows

for the year ended 31 March 2020

(₹ in Lakhs)

		Year ended 31 March 2020		Year ended 31 March 2019	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net profit before tax		23,447.76		23,392.95
	Adjustments for :				
	Depreciation and amortisation	231.50		128.70	
	Finance cost	27,201.70		20,413.33	
	Provision for impairment on financial assets	2,256.51		1,448.85	
	Loss assets written off (net)	6,419.14		4,003.88	
	(Profit) / loss on sale of property, plant and equipment	0.82		(1.76)	
	Loss on sale of repossessed assets	327.03		200.44	
	Interest income	(52,821.75)		(44,425.83)	
	Interest income from bank deposits	(1,155.47)		(654.11)	
	Income received in advance	(19.12)		(19.61)	
	Income from debt component of OCPS investment in subsidiary	(32.78)		-	
	Interest income from NCD measured at amortised cost	(8.26)			
	Financial guarantee commission income	(4.69)		(13.50)	
	Dividend income	(6.33)		(2.59)	
	Gain on derecognition of leased asset	(0.83)		-	
	Net gain on equity instruments measured through other comprehensive income	-		(1.10)	
			(17,612.53)		**(18,923.30)**
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**5,835.23**		**4,469.65**
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Loans	(17,683.92)		(72,223.33)	
	Deposits given as collateral	(13.51)		296.92	
	Bank balance other than cash and cash equivalents	1,001.28		(989.22)	
	Other non-financial asset	(395.21)		(175.54)	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	199.75		231.41	
	Security deposits from borrowers	(1,161.95)		7,458.79	
	Other financial and non-financial liabilities	18,185.38		5,168.69	
	Provisions	29.81	161.63	(60.20)	(60,292.48)
	CASH GENERATED FROM / (USED IN) OPERATIONS		**5,996.86**		**(55,822.83)**
	Interest income received	47,331.77		43,531.92	
	Finance cost paid	(26,489.73)		(20,584.23)	
	Income tax paid (net)	(7,942.84)	12,899.20	(7,103.37)	15,844.32
	CASH FLOW GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)		**18,896.06**		**(39,978.51)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Capital expenditure on property, plant and equipments and intangible assets, including capital advances	(453.77)		(192.93)	
	Proceeds from sale of property, plant and equipments and intangible assets	0.53		3.75	
	Change in Earmarked balances with banks	86.92		732.13	
	Interest income from bank deposits	1,172.74		764.49	
	Purchase of investments at amortised cost	(500.00)		(900.00)	
	Purchase of optionally convertible preference shares ("OCPS") in subsidiary	(1,000.00)		-	
	Dividend received	6.33		2.59	
	Interest income on Investment measured at amortised cost	5.49		-	
	Proceeds from redemption of equity instruments	-		9.96	
	CASH FLOW GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)		**(681.76)**		**419.99**

Standalone Statement of Cash Flows (contd.)

for the year ended 31 March 2020

(₹ in Lakhs)

		Year ended 31 March 2020		Year ended 31 March 2019
C.	CASH FLOW FROM FINANCING ACTIVITIES			
	Proceeds from debt securities and borrowings	95,425.00		67,490.00
	Repayments of borrowings	(42,349.22)		(21,522.21)
	Net increase in working capital borrowings	3,316.41		27,779.82
	Repayment of lease liabilities	(88.69)		-
	Dividends paid including dividend distribution tax	(7,648.05)		(2,407.98)
	CASH FLOW GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)		**48,655.45**	**71,339.63**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)			**66,869.75**	**31,781.11**
Cash and cash equivalents at the beginning of the year			**35,577.06**	**3,795.95**
Cash and cash equivalents at the end of the year (refer note 1 below)			**102,446.81**	**35,577.06**

Notes:

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

(₹ in Lakhs)

		As at 31 March 2020	As at 31 March 2019
(a)	Cash on hand	7.43	14.46
(b)	Balances with banks	76,439.38	26,912.60
Total		**76,446.81**	**26,927.06**
Bank deposits with original maturity of 3 months or less		26,000.00	8,650.00
Cash and cash equivalents as per the balance sheet		**102,446.81**	**35,577.06**

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 applied Ind AS 116 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying Ind AS 116 is recognised in retained earnings at the date of initial application.

4 The Company as at 31 March 2020 has undrawn borrowing facilities amounting to ₹ 74,280.55 Lakhs that may be available for future operating activities and to settle capital commitments.

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

	31 March 2019	Cash flows	Non-cash changes*	31 March 2020
Debt securities	5,981.78	-	7.40	5,989.18
Borrowings other than debt securities	195,982.99	56,392.19	(353.84)	252,021.34
Total liabilities from financing activities	**201,964.77**	**56,392.19**	**(346.44)**	**258,010.52**

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

See accompanying notes to the financial statements

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

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

Sameer Mota
Partner
Membership No: 109928

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

Kamlesh C. Gandhi
(Chairman & Managing Director)
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(Company Secretary & Compliance Officer)
(Membership No: A41206)

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

Mumbai
3 June 2020

Ahmedabad
3 June 2020

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020

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

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

2.2 Basis of measurement

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

i) Loans at fair value through other comprehensive income ("FVOCI")

ii) Investment in debt component of optionally convertible preference shares of subsidiary at fair value through profit or loss ("FVTPL")

iii) Defined benefit plans - plan assets

2.3 Functional and presentation currency

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

2.4 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make 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 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 Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loans. 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 these 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 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.

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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 40.

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").

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

iv) Provisions and other contingent liabilities

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

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

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company

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takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

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

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

2.5 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 38.

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

C. Measurement categories of financial assets and liabilities

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

i) Amortised cost

ii) FVOCI

iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

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

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

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

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

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

SPPI test

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

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

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

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

Accordingly, financial assets are measured as follows:

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

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

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

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

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

B. Financial liability

i) Initial recognition and measurement
All financial 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 and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

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Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2020 and 31 March 2019.

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

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

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

ii) Financial liability

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

3.6 Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets 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) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

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

Based on the above, the Company catagorises 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. It also includes upgraded stage 3 loans for which there are no overdue balance.

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. The Company records an allowance for life time ECL.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates

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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 reporting date, including repayments of principal and interest, expected drawdowns on committed facilities, and accrued interest. Further, the stage 3 EAD for the purpose of the retail ECL computation is considering when loan became 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") 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 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 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-III Framework (International Regulatory Framework of Banks) for all the level of credit rating portfolio.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated 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 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.

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

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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.

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 profit and loss upon derecognition of the assets.

D. Forward looking information

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

i) Real GDP (% change pa)

ii) Lending interest rates

iii) Manufacturing (% real change pa)

iv) Services (% of GDP)

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 and supersedes current revenue recognition guidance found within Ind ASs.

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

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

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

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

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

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

A. Dividend income

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

B. Rental income

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

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fees and commission income

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

(II) Recognition of other expense

A. Borrowing costs

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

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

3.10 Cash and cash equivalents

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

3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. 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 enterprise and the cost of the item can be measured reliably.

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

The estimated useful lives are, as follows:

i) Buildings - 60 years

ii) Office equipment - 3 to 10 years

iii) Furniture and fixtures - 10 years

iv) Vehicles - 8 years

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

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

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

3.12 Intangible assets

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

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

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

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

Effective 1 April 2019, the Company has adopted Ind-AS 116 - Leases and applied it to all lease contracts existing on 1 April 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the comparative figures.

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

The following policies apply subsequent to the date of initial application, 1 April 2019.

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 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.

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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 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.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

3.18 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

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 standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

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

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

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

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

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

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

3.19 Earnings per share

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

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

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

3.20 Dividends on ordinary shares

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

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

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

4 . STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 5. CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Cash on hand	7.43	14.46
Balances with banks:		
In current / cash credit accounts	76,439.38	26,912.60
Bank deposits with original maturity of 3 months or less	26,000.00	8,650.00
Total cash and cash equivalents	**102,446.81**	**35,577.06**

NOTE 6. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
In current accounts (refer note below)	46.23	1,050.00
Unpaid dividend bank balances	2.98	0.49
In fixed deposit accounts:		
Deposits given as security against borrowings and other commitments	141.34	228.26
Total bank balance other than cash and cash equivalents	**190.55**	**1,278.75**

Note: Balance represents balance with banks in earmarked account i.e. "collection and payout account".

NOTE 7. LOANS (AT FVOCI)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
(A) Term loans	333,776.56	321,853.69
(B) (i) Secured by tangible assets	235,153.77	217,910.66
(ii) Unsecured	98,622.79	103,943.03
Total (B)	**333,776.56**	**321,853.69**
(C) (I) Loans in India		
(i) Public sector	-	-
(ii) Private sector	333,776.56	321,853.69
Total (C)-Gross	**333,776.56**	**321,853.69**
(C) (II) Loans outside India	-	-
Total C(I) and C(II)	**333,776.56**	**321,853.69**

Notes:

1. Secured exposures are exposures secured wholly or partly by hypothecation of assets, undertaking to create a security and/or personal guarantee.
2. The Company has not advanced loans to its officer.
3. Refer note no. 31(b) for loans to Company in which directors are interested.

NOTE 7.1 AN ANALYSIS OF CHANGES IN THE GROSS CARRYING AMOUNT OF LOANS IS GIVEN BELOW

(₹ In Lakhs)

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	308,419.88	10,159.84	6,579.60	325,159.32	244,584.23	7,708.58	4,746.91	257,039.72
Changes in opening credit exposures (net of repayment and excluding write off)	(214,197.08)	(3,454.45)	48.12	(217,603.41)	(187,693.68)	(4,862.05)	(1,250.40)	(193,806.13)
New assets originated (net of repayment)*	241,189.38	720.98	379.68	242,290.04	258,270.80	5,881.10	2,994.81	267,146.71
Transfers from Stage 1	(10,768.45)	6,217.20	4,551.25	-	(6,410.18)	3,912.70	2,497.48	-
Transfers from Stage 2	3,092.80	(4,875.85)	1,783.05	-	599.02	(1,353.04)	754.02	-
Transfers from Stage 3	9.18	0.25	(9.43)	-	6.48	8.28	(14.76)	-
Amounts written off	**(100.60)**	**(132.75)**	**(7,040.42)**	**(7,273.77)**	**(936.79)**	**(1,135.73)**	**(3,148.46)**	**(5,220.98)**
Gross carrying amount closing balance	**327,645.11**	**8,635.22**	**6,291.85**	**342,572.18**	**308,419.88**	**10,159.84**	**6,579.60**	**325,159.32**

* 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 2020 (Contd.)

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Company has offered a moratorium of three months on the payment of all principal instalments and / or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers, even if the said amounts were overdue on 29 February 2020. For all such accounts where the moratorium is granted, the Company has excluded the moratorium period from the number of days past due for the purpose of asset classification as per the Company's policy.

NOTE 7.2 RECONCILIATION OF ECL BALANCE IS GIVEN BELOW

(₹ In Lakhs)

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**1,109.09**	**1,136.42**	**1,354.42**	**3,599.93**	**767.54**	**918.97**	**464.57**	**2,151.08**
Changes in opening credit exposures (net of repayment and excluding write off)	(370.14)	724.86	1,316.85	1,671.57	(614.93)	(251.70)	485.48	(381.15)
New assets originated (net of repayment)	1,554.36	95.46	115.46	1,765.28	988.97	720.10	568.40	2,277.47
Transfers from Stage 1	(111.31)	65.06	46.25	-	(33.84)	22.06	11.78	-
Transfers from Stage 2	31.35	(274.92)	243.57	-	5.27	(138.29)	133.02	-
Transfers from Stage 3	0.09	0.04	(0.13)	-	0.03	0.67	(0.70)	-
Amounts written off	(0.57)	(8.70)	(1,171.07)	(1,180.34)	(3.95)	(135.39)	(308.13)	(447.47)
ECL allowance - closing balance	**2,212.87**	**1,738.22**	**1,905.35**	**5,856.44**	**1,109.09**	**1,136.42**	**1,354.42**	**3,599.93**

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 7,273.77 Lakhs at 31 March 2020 (31 March 2019 : ₹ 5,220.98 Lakhs).

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 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 no. 42.1.

NOTE 8. INVESTMENTS

(₹ In Lakhs)

	As at 31 March 2020				As at 31 March 2019			
	At amortised cost	At fair value through P&L	Others*	Total	At amortised cost	At fair value through P&L	Others*	Total
Investments								
Debt securities	500.00	-	-	500.00	-	-	-	-
Subsidiary #	-	1,032.77	2,217.26	3,250.03	-	-	2,227.05	2,227.05
Total – Gross (A)	**500.00**	**1,032.77**	**2,217.26**	**3,750.03**	**-**	**-**	**2,227.05**	**2,227.05**
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investments in India	500.00	1,032.77	2,217.26	3,750.03	-	-	2,227.05	2,227.05
Total (B)	**500.00**	**1,032.77**	**2,217.26**	**3,750.03**	**-**	**-**	**2,227.05**	**2,227.05**
Less: Allowance for Impairment Loss (C)	-	-	-	-	-	-	-	-
Total – Net D= (A)-(C)	**500.00**	**1,032.77**	**2,217.26**	**3,750.03**	**-**	**-**	**2,227.05**	**2,227.05**

* As per para 10 of Ind AS 27, the Company has opted to account the investments in subsidiary entity at cost.

Investment in subsidiary

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Investment in equity shares of subsidiary	1,975.00	1,975.00
Investment in debt component of optionally convertible preference shares of subsidiary	540.99	-
Deemed investment in optionally convertible preference shares of subsidiary	491.78	-
Investment in subsidiary on account of:		
Corporate financial guarantee given to bank on behalf of subsidiary	235.46	245.25
Issuance of equity shares to the employees of subsidiary at discount	6.80	6.80
Total	**3,250.03**	**2,227.05**

Note: The Company holds investment in 277 shares of Cosmos Co-operative Bank Limited, having carrying amount of ₹ 6,925 which has been written off during the year ended 31 March 2019.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 9. OTHER FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Security deposits	70.39	56.88
Interest accrued but not due on loans and advances	8,795.62	3,305.63
Interest accrued but not due on bank deposits	31.31	48.59
Interest accrued but not due on investments	2.77	-
Total other financial assets	**8,900.09**	**3,411.10**

NOTE 10. 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 31 March 2018	**662.07**	**221.90**	**189.00**	**136.49**	**1,209.46**	**24.75**	**24.75**
Additions	6.13	58.74	46.80	45.32	156.99	2.02	2.02
Disposals	-	11.35	-	11.00	22.35	-	-
At 31 March 2019	**668.20**	**269.29**	**235.80**	**170.81**	**1,344.10**	**26.77**	**26.77**
Additions	-	114.18	72.06	-	186.24	10.63	10.63
Disposals	-	39.31	27.34	7.24	73.88	-	-
At 31 March 2020	**668.20**	**344.16**	**280.52**	**163.57**	**1,456.46**	**37.40**	**37.40**
Depreciation/Amortisation							
At 31 March 2018	**9.12**	**46.37**	**26.37**	**21.45**	**103.31**	**7.35**	**7.35**
Depreciation/amortization charge	11.37	61.47	22.89	24.50	120.23	8.47	8.47
Disposal	-	11.28	-	9.08	20.36	-	-
At 31 March 2019	**20.49**	**96.56**	**49.26**	**36.87**	**203.18**	**15.82**	**15.82**
Depreciation/amortization charge	11.44	62.50	27.94	25.37	127.25	10.51	10.51
Disposal	-	38.29	27.22	7.03	72.53	-	-
At 31 March 2020	**31.93**	**120.77**	**49.98**	**55.22**	**257.90**	**26.33**	**26.33**
Net block value:							
At 31 March 2018	652.95	175.53	162.63	115.04	1,106.15	17.40	17.40
At 31 March 2019	647.71	172.73	186.54	133.94	1,140.92	10.95	10.95
At 31 March 2020	**636.27**	**223.39**	**230.54**	**108.36**	**1,198.56**	**11.07**	**11.07**

Note: Building under construction amounting to ₹ 4,563.72 Lakhs has been re-classified from property, plant and equipments to capital work in progress.

(c) Right-of-use asset

The details of the right-of-use asset held by the Company is as follows:

(₹ In Lakhs)

Office Premises	
At 01 April 2019	223.14
Additions	10.58
Disposals	13.02
At 31 March 2020	**220.70**
Depreciation	
At 01 April 2019	-
Additions	93.75
Disposals	1.49
At 31 March 2020	**92.26**
Net Block Value:	
At 31 March 2020	**128.44**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(d) Capital work in progress

Capital work in progress includes borrowing costs related to development of building amounted to ₹ 231.57 Lakhs (previous year ₹ 32.56 Lakhs). Borrowing costs are capitalised using rates based on specific borrowing rate i.e. 9.25% to 9.90%.

NOTE 11. OTHER NON-FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	24.76	6.84
Advances to employees	11.46	12.48
Re-possessed assets	174.68	136.91
Gratuity fund [Refer note 39(b)]	-	17.23
Other advances	23.64	22.59
Total	**234.54**	**196.05**

NOTE 12. DEBT SECURITIES (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
- 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	2,000.00
Less: Unamortised borrowing costs	(10.82)	(18.22)
Total	**5,989.18**	**5,981.78**
Debt securities in India	5,989.18	5,981.78
Debt securities outside India	-	-
Total	**5,989.18**	**5,981.78**

NOTE 13. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
(a) Term loans (refer note no. 13.1)		
(i) from banks	109,044.61	50,489.37
(ii) from other parties (financial institutions)	19,524.40	25,003.86
(b) Loans repayable on demand from banks - cash credit	16,494.45	43,478.04
(c) Short term loans		
(i) from banks	107,800.00	77,500.00
(ii) from other parties (financial institutions)	-	-
Less: Unamortised borrowing costs	(842.12)	(488.28)
Total	**252,021.34**	**195,982.99**
Secured	249,545.92	195,982.99
Unsecured	2,475.42	-
Total	**252,021.34**	**195,982.99**
Borrowings in India	252,021.34	195,982.99
Borrowings outside India	-	-
Total	**252,021.34**	**195,982.99**

Note: Cash credit / short term loans from banks are secured by hypothecation of movable assets of the Company and goods covered under hypothecation ("HP") agreements / Loan cum HP agreements and relative book debts, receivables, loans and advances and entire portfolio outstanding (except specific portfolio generated from various term loans sanctioned by various banks/financial institutions on an exclusive basis) and equitable mortgage/negative lien by deposit of title deeds on some of the Company's immovable properties, as collateral security. The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi, Mr. Mukesh Chimanlal Gandhi and Mrs. Shweta Kamlesh Gandhi.

The Company has not defaulted in repayment of borrowings and interest.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 13.1 DETAILS OF TERMS OF REDEMPTION/REPAYMENT AND SECURITY PROVIDED IN RESPECT OF DEBT SECURITIES AND BORROWINGS:

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Debentures				
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 tenure Tenure :7 years	N.A.
200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 Lakhs each	2,000.00	2,000.00	Coupon Rate: 13.50% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenure Tenure : 6 years and 6 months	N.A.
Total debentures	**6,000.00**	**6,000.00**		
Term loans from banks				
Term Loan - 1	3,000.00	6,000.00	Repayable in 10 Quarterly installments from 5 December 2018.	Secured by a first charge on hypothecation of present and future loan receivables.
Term Loan - 2	250.00	625.00	Repayable in 20 Quarterly installments from 30 September 2015.	Secured by a first ranking and exclusive charge on standard receivables of the Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 3	150.00	375.00	Repayable in 20 Quarterly installments from 30 September 2015.	Secured by a first ranking and exclusive charge on standard receivables of the Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 4	1,200.00	1,800.00	Repayable in 20 Quarterly installments from 30 September 2016.	Secured by a first ranking and exclusive charge on standard receivables of the Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 5	11.56	1,896.48	Repayable in 36 monthly installments from 7 April 2017.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 6	2,397.16	4,007.58	Repayable in 36 monthly installments from 7 August 2018.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 7	2,537.23	4,135.07	Repayable in 36 monthly installments from 7 September 2018.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 8	2,210.79	2,460.08	Repayable in 96 monthly installments from 7 April 2018.	First and exclusive charge on land, property and commercial property under construction.
Term Loan - 9	3,071.81	-	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 .

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loan - 10	750.00	-	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 - 11	3,000.00	-	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 - 12	1,250.00	-	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 - 13	1,041.67	1,875.00	Repayable in 36 monthly installments from 31 July 2018.	First and exclusive charge by way of hypothecation on the Company's book debts and loan installments receivables.
Term Loan - 14	1,071.81	2,046.62	Repayable in 30 monthly installments from 27 October 2018.	Secured by a first and exclusive charge on specific book debt and future receivables of the Company created/to be created out of the loan availed .
Term Loan - 15	10,416.67	7,500.00	Repayable in 36 monthly installments from 30 April 2019.	First exclusive charge of present and future book debts and receivables of the Company.
Term Loan - 16	7,272.73	10,000.00	Repayable in 11 Quarterly installments from 1 July 2019.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company out of the bank finance.
Term Loan - 17	2,500.00	5,000.00	Repayable in 16 Quarterly installments from 30 June 2017.	Secured by Hypothecation of portfolio of the Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 18	347.22	1,180.55	Repayable in 36 monthly installments from 1 September 2017.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 19	888.88	1,555.56	Repayable in 36 monthly installments from 1 August 2018.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 20	2,083.33	-	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 - 21	6,000.00	-	Repayable in 8 Quarterly installments from 30 September 2020.	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 22	10,000.00	-	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.
Term Loan - 23	8,450.00	-	Repayable in 16 Quarterly installments from 30 September 2019.	Hypothecation of standard portfolio of the Company created out of the term loan.
Term Loan - 24	19,125.00	-	Repayable in 16 Quarterly installments from 29 February 2020.	Hypothecation of standard portfolio of the Company created out of the term loan.
Term Loan - 25	20,000.00	-	Repayable in 18 Quarterly installments from 31 December 2020.	Exclusive charge by the way of hypothecation on specific receivables of the Company
Vehicle Loans - 26	18.75	32.43	Repayable in 36 monthly installments from 5 July 2018.	Secured by hypothecation of the vehicle financed.
Total term loans from banks	**109,044.61**	**50,489.37**		

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term loans from others				
Term Loans from a Financial Institution - 1	2,202.89	3,352.23	Repayable in 36 monthly installments from 15 March 2019.	Exclusive charge by way of hypothecation of specific standard receivable of the Company.
Term Loans from a Financial Institution - 2	-	2,000.00	Repayable in 12 Quarterly installments from 30 April 2019.	Exclusive charge by way of hypothecation of specific standard receivable of the Company.
Term Loans from a Financial Institution - 3	3,378.95	4,875.45	Repayable in 36 monthly installments from 10 March 2019.	Secured by hypothecation of specific book debts created out of the loan availed.
Term Loans from a Financial Institution - 4	2,146.17	4,094.36	Repayable in 10 Quarterly installments from 18 December 2018.	Exclusive hypothecation charge over receivables/ loan assets/ book debts of the Company.
Term Loans from a Financial Institution - 5	-	181.82	Repayable in 11 quarterly installments from 31 December 2016.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 6	200.00	1,000.00	Repayable in 10 quarterly installments from 31 March 2018.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 7	2,500.00	4,500.00	Repayable in 10 quarterly installments from 31 March 2019.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 8	3,333.33	5,000.00	Repayable in 36 monthly installments from 30 April 2019.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 9	2,430.56	-	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 - 10	2,500.00	-	Bullet Repayment on 17 August 2026.	N.A.
Term Loans from a Financial Institution - 11	832.50	-	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.
Total term loans from others	**19,524.40**	**25,003.86**		

NOTE 14. OTHER FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Interest accrued but not due on borrowings	1,213.79	396.02
Interest accrued but not due on others	3,319.54	3,078.89
Dues to the assignees towards collections from assigned receivables	26,149.22	17,922.21
Security deposits received from borrowers	49,730.87	50,878.81
Advances received against loan agreements	10,022.97	-
Unpaid dividend on equity shares	2.98	0.49
Dealer advances	108.05	142.90
Lease liability	146.45	-
Total other financial liabilities	**90,693.87**	**72,419.32**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 15. PROVISIONS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits (Refer note 39)		
Compensated absences	-	15.84
Gratuity	45.65	-
Total provisions	**45.65**	**15.84**

NOTE 16. OTHER NON-FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Statutory remittances	442.68	474.92
Financial guarantee liability	1.76	16.24
Income received in advance	1,414.29	1,447.42
Total other non-financial liabilities	1,858.73	1,938.58

NOTE 17. EQUITY SHARE CAPITAL

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
Authorized shares:			
64,000,000	Equity Shares of ₹ 10 each (As at 31 March 2019: 64,000,000 Equity Shares of ₹ 10 each)	6,400.00	6,400.00
22,000,000	0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2019: 22,000,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
22,000,000	13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2019: 22,000,000 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 ₹ 100,000 each (As at 31 March 2019: 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:			
54,662,043	"Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2019: 54,662,043 Equity Shares of ₹ 10 each)"	5,466.20	5,466.20
		5,466.20	**5,466.20**

NOTE 17.1 RECONCILIATION OF THE NUMBER OF SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING YEAR:

(₹ In Lakhs)

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Equity Shares				
Outstanding at the beginning of the year	54,662,043	5,466.20	54,662,043	5,466.20
Issued during the year	-	-	-	-
Outstanding at the end of the year	54,662,043	5,466.20	54,662,043	5,466.20

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 17.2 DETAILS OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES:

(₹ In Lakhs)

Class of shares / Name of shareholder	As at 31 March 2020		As at 31 March 2019	
	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	16,338,450	29.89%	16,338,450	29.89%
Mukesh C. Gandhi	16,155,814	29.56%	16,155,814	29.56%
Kamlesh C. Gandhi	6,281,583	11.49%	6,264,081	11.46%
Vistra ITCL I Limited Business Excellence Trust III India Business	4,005,737	7.33%	3,990,422	7.30%
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund	2,778,491	5.08%	-	-

Note: 4,250 equity shares were purchased by Kamlesh C. Gandhi (2,250 shares on 30 March 2020 and 2,000 shares on 31 March 2020). However the said shares were not reflected under the BENPOS received from Registrar and Transfer Agent as the same were in transit. Therefore, the same have not been included under the shareholding pattern for the year ended on 31 March 2020.

NOTE 17.3 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.

NOTE 17.4 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.

NOTE 18. OTHER EQUITY (REFER NOTE 18.1)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Reserve u/s. 45-IC of RBI Act, 1934		
Outstanding at the beginning of the year	10,957.75	7,915.45
Additions during the year	3,564.26	3,042.30
Outstanding at the end of the year	**14,522.01**	**10,957.75**
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	27,309.10	17,557.38
Profit for the year	17,821.31	15,211.51
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	(22.21)	(9.51)
Transition impact of Ind AS 116	(10.31)	-
	45,097.89	**32,759.38**
Appropriations:		
Transfer to reserve u/s. 45-IC of RBI Act,1934	(3,564.26)	(3,042.30)
Final dividend on equity shares	(1,967.83)	(1,180.70)
Interim dividend on equity shares	(4,372.96)	(819.93)
DDT on equity dividend	(1,307.26)	(407.35)
Total appropriations	**(11,212.31)**	**(5,450.28)**
Retained earnings	**33,885.58**	**27,309.10**
Other comprehensive income		
Outstanding at the beginning of the year	4,561.22	3,759.60
Equity instruments through other comprehensive income	-	(1.10)
Loans and advances through other comprehensive Income	658.09	(993.77)
Impairment on loans and advances through OCI	2,256.51	1,448.85
Income tax relating to items that will not be reclassified to profit or loss	-	0.38
Income tax relating to items that will be reclassified to profit or loss	(165.64)	347.26
Other comprehensive income for the year, net of tax	7,310.18	4,561.22
Total other equity	**98,405.20**	**85,515.50**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 18.1 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.

4 **FVOCI equity investments**

The Company has elected to recognise changes in the fair value of investments in equity securities (other than investment in subsidiary) in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

5 **FVOCI - loans and advances**

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity. The Company transfers amounts from this reserve to the statement of profit and loss when the loans and advances are sold.

6 **Remeasurement of the defined benefit liabilities**

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

NOTE 18.2 EQUITY DIVIDEND PAID AND PROPOSED

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Declared and paid during the year		
Dividends on equity shares:		
Final dividend for 31 March 2019: ₹ 3.60 per share (31 March 2018: ₹ 2.16 per share)	1,967.83	1,180.70
Interim dividend for 31 March 2020: ₹ 8 per share (31 March 2019 : ₹ 1.5 per share)	4,372.96	819.93
Total dividends paid	**6,340.79**	**2,000.63**

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Proposed for approval at Annual General Meeting (not recognised as a liability)		
Dividend on equity shares:		
Final dividend for 31 March 2020: Nil per share (31 March 2019: ₹ 3.60 per share)	-	1,967.83
DDT on proposed dividend	-	404.49

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 19. INTEREST INCOME

(₹ In Lakhs)

	Year ended 31 March 2020			Year ended 31 March 2019		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Interest on loans	52,821.76	-	52,821.76	44,425.83	-	44,425.83
Interest on deposits with banks	-	1,155.47	1,155.47	-	654.11	654.11
Other interest income	719.38	1,220.53	1,939.91	498.68	873.41	1,372.09
Total	**53,541.14**	**2,376.00**	**55,917.14**	**44,924.51**	**1,527.52**	**46,452.03**

NOTE 20. OTHER INCOME

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Rental income	14.40	13.35
Net gain/(loss) on derecognition of property, plant and equipment	(0.82)	1.76
Dividend income	6.33	2.59
Income from debt component of OCPS investment in subsidiary	32.78	-
Income from non-financing activity	9.97	6.98
Interest income from NCD	8.26	-
Gain on derecognition of leased asset	0.83	-
Total	**71.75**	**24.68**

NOTE 21. FINANCE COST (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Interest on borrowings	20,438.14	14,524.52
Interest on debt securities	791.81	796.68
Other interest expense	4,895.94	4,327.99
Other borrowing cost	1,057.95	764.14
Lease liability interest obligation	17.86	-
Total	**27,201.70**	**20,413.33**

NOTE 22. IMPAIRMENT ON FINANCIAL ASSETS (ON FINANCIAL ASSETS MEASURED AT FVOCI)

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Loans		
- Expected credit loss	2,256.51	1,448.85
- Write off (net of recoveries)	6,419.14	4,003.88
Total	**8,675.65**	**5,452.73**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 23. EMPLOYEE BENEFITS EXPENSE

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	4,949.82	4,485.01
Contribution to provident fund and other funds	188.62	149.45
Gratuity expense	38.63	36.59
Staff welfare expenses	63.72	43.58
Total	**5,240.79**	**4,714.63**

NOTE 24. DEPRECIATION AND AMORTISATION

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment	127.25	120.23
Amortisation of intangible assets	10.51	8.47
Right-of-use asset depreciation	93.75	-
Total	**231.51**	**128.70**

NOTE 25. OTHER EXPENSES

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Rent (Refer note no. 33)	126.85	177.35
Rates and taxes	9.78	8.71
Stationery and printing	91.10	78.57
Telephone	64.86	67.16
Electricity	72.83	68.29
Postage and courier	85.40	81.34
Insurance	93.62	123.08
Conveyance	138.45	194.99
Travelling	238.72	263.26
Repairs and maintenance:		
Building	39.72	28.04
Others	127.30	110.66
Professional fees	490.58	625.52
Payment to auditors (Refer note below)	59.51	48.38
Director's sitting fees	7.41	4.04
Legal expenses	154.07	80.70
Bank charges	253.96	131.10
Advertisement expenses	204.04	162.51
Loss on sale of repossessed assets (net)	327.03	200.44
Sales promotion expenses	48.00	51.21
Donation	-	0.15
Recovery contract charges	65.03	90.25
Corporate social responsibility expenditure (Refer note no. 29)	53.91	25.87
Miscellaneous expenses	160.07	129.71
Total	**2,912.24**	**2,751.33**

Note: Payment to auditors (including taxes)

As auditor		
Statutory audit	24.71	22.42
Limited review of quarterly results	29.43	24.78
Other services	2.18	-
Reimbursements of expenses	3.19	1.18
	59.51	**48.38**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 26. TAX EXPENSES

The components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Current tax	6,291.68	8,226.41
Adjustment in respect of current income tax of prior years	(96.10)	8.93
Deferred tax	(569.13)	(53.90)
Total tax charge	**5,626.45**	**8,181.44**
Current tax	6,195.58	8,235.34
Deferred tax	(569.13)	(53.90)

The Taxation Laws (Amendment) Ordinance, 2019 contained substantial amendments in the Income Tax Act, 1961 and the Finance (No. 2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax liabilities at the concessional tax rate during the year ended 31 March 2020. Further, the opening net deferred tax liability had been re-measured at lower rate with a one-time impact of ₹ 240.70 Lakhs recognised in the standalone financial statement for the year ended 31 March 2020.

NOTE 26.1 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 2020 and 31 March 2019 is, as follows:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Accounting profit before tax	23,447.76	23,392.95
Applicable tax rate	25.170%	34.944%
Computed tax expense	**5,901.80**	**8,174.43**
Tax effect of :		
Exempted income	(2.68)	(9.71)
Non deductible items	77.28	9.63
Adjustment on account of change in tax rate	(240.70)	-
Adjustment in respect of current income tax of prior years	(96.10)	8.93
Others	(13.15)	(1.84)
Tax expenses recognised in the statement of profit and loss	**5,626.45**	**8,181.44**
Effective tax rate	23.996%	34.974%

NOTE 26.2 DEFERRED TAX

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Deferred tax asset / liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	(860.55)	(1,267.20)
Credit / (charge) for loans and advances through OCI	(165.64)	347.26
Credit / (charge) for equity instruments through OCI	-	0.38
Credit / (charge) for remeasurement of the defined benefit liabilities	7.47	5.11
Credit / (charge) to the statement of profit and loss	569.13	53.90
Credit/(Charge) to other equity	3.47	-
At the end of year DTA / (DTL) (net)	**(446.12)**	**(860.55)**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (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 2019	Statement of profit and loss	OCI	Other Equity	As at 31 March 2020
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	(41.43)	5.61	-	-	(35.82)
Deferred tax on fair value of investments	(2.38)	0.67	-	-	(1.71)
Impact of fair value of assets	60.50	(16.93)	(165.64)	-	(122.07)
Income taxable on realised basis	(2121.06)	343.62	-	-	(1,777.44)
Deferred tax on prepaid finance charges	(19.68)	16.17	-	-	(3.51)
Impairment on financial assets	1257.96	216.11	-	-	1,474.07
Recognition of lease liability and right to use asset	-	1.06	-	3.47	4.53
Expenses allowable on payment basis	5.54	2.82	7.47	-	15.83
Total	**(860.55)**	**569.13**	**(158.17)**	**3.47**	**(446.12)**

(₹ In Lakhs)

	As at 31 March 2018	Statement of profit and loss	OCI	Other Equity	As at 31 March 2019
Component of deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to:					
Difference between written down value of fixed assets as per books of accounts and income tax	(32.98)	(8.45)	-	-	(41.43)
Deferred tax on fair value of investments	(5.45)	2.69	0.38	-	(2.38)
Impact of fair value of assets	(286.76)	-	347.26	-	60.50
Income taxable on realised basis	(1,694.53)	(426.53)	-	-	(2,121.06)
Deferred tax on prepaid finance charges	(25.55)	5.87	-	-	(19.68)
Impairment on financial assets	751.66	506.30	-	-	1,257.96
Expenses allowable on payment basis	26.41	(25.98)	5.11	-	5.54
Total	**(1,267.20)**	**53.90**	**352.75**	**-**	**(860.55)**

NOTE 26.3 CURRENT TAX LIABILITIES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Provision for tax [net of advance tax of Nil (31 March 2019 ₹ 6,614.30 Lakhs)]	-	1,621.04

NOTE 26.4 INCOME TAX ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Income tax assets [net of provision for tax of ₹ 27,289.09 Lakhs (31 March 2019 ₹ 12,771.00 Lakhs)]	221.38	95.16

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 27. EARNINGS PER SHARE

(₹ In Lakhs)

		Year ended 31 March 2020	Year ended 31 March 2019
(A)	**Basic earnings per share**		
	Net profit for the year attributable to equity shareholders (basic) (numerator)	17,821.30	15,211.50
	Computation of weighted average number of shares (denominator)	Nos.	Nos.
	Weighted average number of equity shares of ₹ 10 each used for calculation of basic earnings per share	54,662,043	54,662,043
	Basic earnings per share of face value of ₹ 10 each (in ₹)	32.60	27.83
(B)	**Diluted earnings per share**		
	Profit attributable to equity shareholders (diluted) (numerator)	17,821.30	15,211.50
	Computation of weighted average number of shares (denominator)	Nos.	Nos.
	Weighted average number of equity shares as above	54,662,043	54,662,043
	Diluted earnings per share of face value of ₹ 10 each (in ₹)	32.60	27.83

NOTE 28. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ In Lakhs)

			As at 31 March 2020	As at 31 March 2019
(A)	**Contingent liabilities**			
I)	Guarantees given on behalf of subsidiary company : (Refer note i)			
	a)	**To banks**		
		Amount of guarantees ₹ 4,300 Lakhs (31 March 2019: ₹ 6,300 Lakhs)		
		Amount of loans outstanding	300.30	1,017.56
	b)	**To National Housing Bank ("NHB")**		
		Amount of guarantees ₹ 500 Lakhs (31 March 2019: ₹ 200 Lakhs)		
		Amount of loan outstanding	168.64	312.01
(B)	**Commitments**			
I)	Estimated amount of contracts remaining to be executed on capital account and not provided for:			
	Property, plant and equipment		-	20.08
II)	Loan commitments for sanctioned but not disbursed amount		200.00	4,000.00

Notes:

i) Guarantees are given by the Company to various banks and NHB on behalf of the subsidiary company for the loan taken and accordingly, the same has been shown as contingent liability.

NOTE 29. CORPORATE SOCIAL RESPONSIBILITY ("CSR") EXPENSES:

The gross amount required to be spent by the Company during the year towards CSR is ₹ 330.04 Lakhs (31 March 2019: ₹ 228.52 Lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below:

		In cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any assets	**Year ended 31 March 2020**	-	-	-
	(Year ended 31 March 2019)	-	-	-
(ii) On purposes other than (i) above	**Year ended 31 March 2020**	53.91	-	53.91
	(Year ended 31 March 2019)	25.87	-	25.87

NOTE 30. SEGMENT REPORTING:

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 31. 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 (where there are transactions)	Mr. Kamlesh C. Gandhi (Chairman and managing director)
		Mr. Mukesh C. Gandhi (Whole time director and chief financial officer)
		Mrs. Darshana S. Pandya (Director and chief 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 (where there are transactions)	Prarthna Marketing Private Limited
		Anamaya Capital LLP
		Mrs. Shweta K. Gandhi
		Mr. Dhvanil K. Gandhi
		Mr. Saumil D. Pandya

Transactions with related parties are as follows:

(₹ In Lakhs)

	Year ended 31 March 2020			
	Subsidiary	Key management personnel	Other related parties	Total
Rent income	14.40	-	-	14.40
Recovery contract charges received	2.40	-	-	2.40
Expenditure reimbursed by	80.25	-	-	80.25
Remittances of collection received on behalf of	29.03	-	-	29.03
Remuneration (including bonus)	-	1,723.80	68.28	1,792.08
Dividend received	6.33	-	-	6.33
Dividend paid	-	2,602.63	2,059.85	4,662.48
Investment	1,000.00	-	-	1,000.00
Sitting fees	-	6.80	-	6.80

(₹ In Lakhs)

	Year ended 31 March 2019			
	Subsidiary	Key management personnel	Other related parties	Total
Rent income	13.35	-	-	13.35
Recovery contract charges received	2.40	-	-	2.40
Expenditure reimbursed by	32.59	-	-	32.59
Remittances of collection received on behalf of	53.31	-	-	53.31
Remuneration (including bonus)	-	1,468.25	54.75	1,523.00
Dividend received	2.58	-	-	2.58
Dividend paid	-	821.03	646.97	1,468.00
Investment	900.00	-	-	900.00
Sitting fees	-	3.70	-	3.70

Balances outstanding from related parties are as follows:

(₹ In Lakhs)

	As at 31 March 2020			
	Subsidiary	Key management personnel	Other related parties	Total
Bonus payable	-	96.38	1.80	98.18
Investment	3,250.03	-	-	3,250.03
Guarantees outstanding	468.94	-	-	468.94

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2019			
	Subsidiary	Key management personnel	Other related parties	Total
Bonus payable	-	159.57	1.57	161.14
Investment	2,227.05	-	-	2,227.05
Guarantees outstanding	1,329.57	-	-	1,329.57

Financial guarantee commission income amounts to ₹ 4.69 Lakhs (31 March 2019: ₹ 13.50 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.

Transactions with key management personnel are as follows:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Post-employment benefits	2.48	27.71
Other long term employment benefits	-	14.04
	2.48	**41.75**

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

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

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

Sr. No.	Name	As at 31 March 2020	Maximum balance out-standing during the year ended 31 March 2020	As at 31 March 2019	Maximum balance out-standing during the year ended 31 March 2019
1	Paras Capfin Company Private Limited	-	-	-	857.75
2	M Power Micro Finance Private Limited	1,300.00	1,300.00	500.00	3,350.97

* The director interested in Paras Capfin Company Private Limited redeemed his holding on 11 May 2018 and hence, the disclosures made are of amount outstanding as on 11 May 2018 and maximum balance outstanding up to that date.

NOTE 32. Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Principal amount payable to suppliers as at year-end	-	-
Interest due thereon as at year end	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates	-	-
Amount of delayed payment actually made to suppliers during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 33. NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

The Company has applied the following standards and amendments for the first time for annual reporting period commencing from 1 April 2019.

NOTE 33.1 IND AS 116 : LEASES

Nature of the effect of adoption of Ind AS 116

The Company has lease contracts for office / branch premises. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The operating lease commitments as of 31 March 2019 reconciled with lease liabilities as at 1 April 2019 as follows:

(₹ In Lakhs)

Future operating lease commitments as at 31 March 2019	254.53
Weighted average incremental borrowing rate as at 1 April 2019	9.00%
Discounted operating lease commitments at 1 April 2019	208.76
Change in estimate of lease term	-
Lease liabilities as at 1 April 2019	208.76

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

The effect of adoption Ind AS 116 as at 1 April 2019 [increase/(decrease)] is as follows:

(₹ In Lakhs)

Assets	
Right of use assets	223.14
Deferred tax asset (net)	3.46
Total Assets	**226.60**
Liabilities	
Financial liabilities - lease liabilities	236.91
Other equity	(10.31)
Total liabilities	**226.60**

Amounts recognised in the balance sheet and statement of profit and loss

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the year:

(₹ In Lakhs)

	Right to use of assets Buildings	Lease liabilities
As at 1 April 2019		
Recognition on initial application of Ind AS 116	223.14	236.91
Depreciation and amortisation expenses	(92.26)	-
Interest expenses	-	17.86
(Deductions) / adjustment	(2.44)	(1.77)
Payments	-	(106.55)
As at 31 March 2020	**128.44**	**146.45**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

Set out below, are the amounts recognised in statement of profit or loss:

(₹ In Lakhs)

Post-amendment in Ind AS 116	
Depreciation expense of right-of-use assets	93.75
Interest expense on lease liabilities	17.86
Rent expense - short-term leases and leases of low value assets	126.85
Gain on derecognition of leased asset	(0.83)
Total amounts recognised in profit or loss	**237.63**
Pre-amendment in Ind AS 116	
Rent expense	233.40
Total amount that would have been recognised in profit or loss	**233.40**

NOTE 34. Disclosures required in terms of Annexure XIV of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 (updated as on 17 February 2020) "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below:

NOTE 34.1 CAPITAL

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
i)	CRAR (%)	31.97%	29.13
ii)	CRAR - Tier I capital (%)	29.88%	27.40
iii)	CRAR - Tier II capital (%)	2.09%	1.73
iv)	Amount of subordinated debt raised as Tier-II capital (refer note below)	4,500.00	3,200.00
v)	Amount raised by issue of perpetual debt instruments	-	-

Note: These instruments are designated as debt.

NOTE 34.2 INVESTMENTS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
1. Value of investments		
(i) Gross value of investments		
(a) In India	3,750.03	2,227.05
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	3,750.03	2,227.05
(b) Outside India	-	-
2. Movement of provisions held towards depreciation on investments.		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

NOTE 34.3 DERIVATIVES

The Company has not entered into any derivative transactions and hence the disclosure required has not been made.

NOTE 34.4 DISCLOSURES RELATING TO SECURITISATION

The Company sells loans through direct assignment transactions.

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

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(a) For Securitization Transaction

(₹ In Lakhs)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
1	No of SPVs sponsored by the Company for securitization transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the Company	-	-
3	Total amount of exposures retained by the Company to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	-	-
	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	-	-

(b) For Assignment Transaction

(₹ In Lakhs)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
1	No of SPVs sponsored by the Company for assignment transactions	N.A.	N.A.
2	Total amount of assigned assets as per books of the Company (excluding accrued interest)	289,204.73	225,663.65
3	Total amount of exposures retained by the Company to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	-	-
	• Others	27,985.75	22,792.44
4	Amount of exposures to assignment transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own assignments		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party assignments		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own assignments		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party assignments		
	• First loss	-	-
	• Others	-	-
	Dues to assignees towards collections from assigned receivables	26,149.22	17,922.21

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.5 DETAILS OF FINANCIAL ASSETS SOLD TO SECURITISATION / RECONSTRUCTION COMPANY FOR ASSET RECONSTRUCTION

The Company has not sold financial assets to securitisation / reconstruction company for asset reconstruction during the year (previous year Nil)

NOTE 34.6 DETAILS OF ASSIGNMENT TRANSACTIONS UNDERTAKEN BY NBFCS

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
(i)	No. of accounts	429,305	207,023
(ii)	Aggregate value (net of provisions) of accounts sold	296,366.75	228,341.30
(iii)	Aggregate consideration	296,366.75	228,341.30
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

NOTE 34.7 DETAILS OF NON-PERFORMING FINANCIAL ASSETS PURCHASED / SOLD.

The Company has not purchased or sold non-performing financial assets during the year (previous year Nil).

NOTE 34.8 ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES.

(₹ In Lakhs)

	1 day to 30/31 days (1 month)	Over 1 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	26,000.00	49.28	54.98	8.06	0.91	3.11	-	25.00	26,141.34
Advances	6,125.15	5,565.64	14,611.43	45,756.96	85,861.83	153,003.45	20,064.02	2,788.08	333,776.56
Investments	-	-	-	500.00	-	-	333.33	2,916.70	3,750.03
Borrowings	1,845.61	4,341.54	6,890.03	12,186.31	150,806.67	79,456.73	-	2,483.63	258,010.52
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

NOTE 34.9 EXPOSURE TO REAL ESTATE SECTOR

(₹ In Lakhs)

Category	As at 31 March 2020	As at 31 March 2019
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;	2,872.39	972.06
(iii) Investments in Mortgage Backed Securities ("MBS") and other securitised exposures -		
a. Residential	-	-
b. Commercial real estate	-	-

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.10 EXPOSURE TO CAPITAL MARKET

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,975.00	1,975.00
(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 exposure to capital market		**1,975.00**	**1,975.00**

NOTE 34.11 DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

Not applicable

NOTE 34.12 DETAILS OF SINGLE BORROWER LIMIT (“SGL”) / GROUP BORROWER LIMIT (“GBL”) EXCEEDED BY THE NBFC

i) Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the NBFC:

Nil

ii) Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the NBFC:

Nil

NOTE 34.13 UNSECURED ADVANCES

a) Refer note no. 7(B)(ii) to the financial statements.

b) The Company has not granted any advances against intangible securities (31 March 2019: Nil).

NOTE 34.14 REGISTRATION NUMBER OBTAINED FROM RBI:

B. 01. 00241

NOTE 34.15 DISCLOSURE OF PENALTIES IMPOSED BY RBI AND OTHER REGULATORS

During the financial year ended 31 March 2020, no penalties have been imposed by RBI and other regulators (31 March 2019: Nil).

NOTE 34.16 RELATED PARTY TRANSACTIONS

Refer note no. 31 to the financial statements.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.17 RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

By Acuite Ratings & Research:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	420,000	ACUITE AA-(Stable)	No migration of rating
Commercial paper issue	30,000	ACUITE A1+	No migration of rating

By ICRA:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Subordinate debt	6,000	ICRA A (stable)	No migration of rating

By Care Ratings:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	415,000	CARE A+ (Stable)	No migration of rating
Short term bank facilities	10,000	CARE A1+	No migration of rating
Commercial paper programme	25,000	CARE A1+	No migration of rating

NOTE 34.18 REMUNERATION OF DIRECTORS

Refer note no. 31 to the financial statements.

NOTE 34.19 MANAGEMENT

The annual report has a detailed chapter on Management Discussion and Analysis.

NOTE 34.20 NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGE IN ACCOUNTING POLICIES

The Company has applied Ind AS 116 for the first time for annual reporting period commencing from 1 April 2019. Refer note 33 to the financial statements.

NOTE 34.21 REVENUE RECOGNITION

Refer note no. 3.1 to the financial statements.

NOTE 34.22 IND AS 110 - CONSOLIDATED FINANCIAL STATEMENTS (CFS)

All the subsidiaries of the Company have been consolidated as per Ind AS 110. Refer consolidated financial statements.

NOTE 34.23 PROVISIONS AND CONTINGENCIES

The information on all provisions and contingencies is as under:

(₹ In Lakhs)

Break up of 'provisions and contingencies' shown under the head expenditure in the statement of profit and loss	As at 31 March 2020	As at 31 March 2019
Provision for depreciation on investment	-	-
Provision towards non performing assets (Stage 3 loan assets)	550.93	889.85
Provision made towards income tax	6,195.58	8,235.34
Provision towards standard assets (Stage 1 and 2 loan assets)	1,705.58	559.00

NOTE 34.24 DRAW DOWN FROM RESERVES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Draw down from reserves	-	-

NOTE 34.25 CONCENTRATION OF DEPOSITS (FOR DEPOSIT TAKING NBFCS)

Not Applicable

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.26 CONCENTRATION OF ADVANCES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Total advances to twenty largest borrowers	116,673.99	82,109.17
Percentage of advances to twenty largest borrowers to total advances of the NBFC	34.96%	25.51%

NOTE 34.27 CONCENTRATION OF EXPOSURES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Total exposure to twenty largest borrowers / customers	116,673.99	83,985.51
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	34.93%	25.77%

NOTE 34.28 CONCENTRATION OF STAGE 3 ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Total exposure to top four Stage 3 accounts	718.06	305.44

NOTE 34.29 SECTOR-WISE STAGE 3 ASSETS (GROSS)

(₹ In Lakhs)

Sector	% of Stage 3 assets to Total Advances in that sector as at 31 March 2020	% of Stage 3 assets to Total Advances in that sector as at 31 March 2019
(i) Agriculture and allied activities	3.14	7.31
(ii) MSME	3.52	4.04
(iii) Corporate borrowers	0.06	-
(iv) Services	6.68	3.32
(v) Unsecured personal loans	6.97	5.53
(vi) Auto loans	2.26	2.87
(vii) Other personal loans	1.75	4.06

NOTE 34.30 MOVEMENT OF STAGE 3 ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
(i) Net stage 3 assets to net advances (%)	1.30%	1.62%
(ii) Movement of stage 3 assets (gross)		
(a) Opening balance	6,579.60	4,746.91
(b) Additions during the year	9,740.88	8,293.74
(c) Reductions during the year	10,028.63	6,461.05
(d) Closing balance	6,291.85	6,579.60
(iii) Movement of net stage 3 assets		
(a) Opening balance	5,225.18	4,282.34
(b) Additions during the year	8,018.75	7,095.06
(c) Reductions during the year	8,857.43	6,152.22
(d) Closing balance	4,386.50	5,225.18
(iv) Movement of provisions for stage 3 assets (excluding provisions on standard assets)		
(a) Opening balance	1,354.42	464.57
(b) Provisions made during the year	1,722.13	1,198.68
(c) Write-off / write-back of excess provisions	1,171.20	308.83
(d) Closing balance	1,905.35	1,354.42

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.31 OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

Nil

NOTE 34.32 OFF-BALANCE SHEET SPVS SPONSORED (WHICH ARE REQUIRED TO BE CONSOLIDATED AS PER ACCOUNTING NORMS)

Nil

NOTE 34.33 DISCLOSURE OF CUSTOMERS COMPLAINTS

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
(a)	No. of complaints pending at the beginning of the year	2	1
(b)	No. of complaints received during the year	7	30
(c)	No. of complaints redressed during the year	9	29
(d)	No. of complaints pending at the end of the year	0	2

NOTE 35. Information as required in terms of Paragraph 19 of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below:

Liabilities side :

NOTE 35.1 LOANS AND ADVANCES AVAILED BY THE NBFCS INCLUSIVE OF INTEREST ACCRUED THEREON BUT NOT PAID.

(₹ In Lakhs)

		Year ended 31 March 2020	
		Amount outstanding	Amount overdue
(a)	Debentures : Secured	-	-
	: Unsecured	6,010.36	-
	(other than falling within the meaning of Public deposits*)		
(b)	Deferred credits	-	-
(c)	Term loans	129,201.59	-
(d)	Inter-corporate loans and borrowing	-	-
(e)	Commercial paper	-	-
(f)	Other loans:		
	From banks	124,865.30	-
	From a company	-	-
	Security deposits	-	-
	Advances received against loan agreements	-	-

*Please see note 1 below

NOTE 35.2

(₹ In Lakhs)

		Year ended 31 March 2020	
		Amount outstanding	Amount overdue
Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid)			
(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

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

Assets side:

NOTE 35.3 BREAK-UP OF LOANS AND ADVANCES INCLUDING BILLS RECEIVABLES (OTHER THAN THOSE INCLUDED IN (4) BELOW)

(₹ In Lakhs)

		Amount outstanding
(a)	Secured	235,153.77
(b)	Unsecured	98,622.79

NOTE 35.4 BREAK UP OF LEASED ASSETS AND STOCK ON HIRE AND OTHER ASSETS COUNTING TOWARDS ASSET FINANCING ACTIVITIES

(₹ In Lakhs)

			Amount outstanding
(i)	Lease assets including lease rentals under sundry debtors:		
	(a)	Financial lease	NA
	(b)	Operating lease	NA
(ii)	Stock on hire including hire charges under sundry debtors :		
	(a)	Assets on hire	NA
	(b)	Repossessed assets	NA
(iii)	Other loans counting towards asset financing activities		
	(a)	Loans where assets have been repossessed	174.68
	(b)	Loans other than (a) above	NA

NOTE 35.5 BREAK-UP OF INVESTMENTS :

(₹ In Lakhs)

				Amount outstanding
Current investments :				
1	**Quoted :**			
(i)	Shares :	(a)	Equity	-
		(b)	Preference	-
(ii)	Debentures and bonds			500.00
(iii)	Units of mutual funds			-
(iv)	Government securities			-
(v)	Others (please specify)			
2	**Unquoted :**			
(i)	Shares :	(a)	Equity	-
		(b)	Preference	-
(ii)	Debentures and bonds			-
(iii)	Units of mutual funds			-
(iv)	Government securities			-
(v)	Others (please specify)			-
Long term investments :				
1	**Quoted :**			
(i)	Shares :	(a)	Equity	-
		(b)	Preference	-
(ii)	Debentures and bonds			-
(iii)	Units of mutual funds			-
(iv)	Government securities			-
(v)	Others (please specify)			-
2	**Unquoted :**			
(i)	Shares :	(a)	Equity	2,217.26
		(b)	Preference	1,032.77
(ii)	Debentures and bonds			-
(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 2020 (Contd.)

NOTE 35.6 BORROWER GROUP-WISE CLASSIFICATION OF ASSETS FINANCED AS IN (3) AND (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	235,153.77	98,622.79	333,776.56
Total	**235,153.77**	**98,622.79**	**333,776.56**

NOTE 35.7 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)	3,693.64	3,250.03
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	500.00	500.00
Total	**4,193.64**	**3,750.03**

** As per Ind AS issued by MCA (refer note 3 below)

Note: Subsidiary company being unlisted, value is derived based upon the net asset value as shown in the subsidiary company balance sheet as on 31 March 2020.

NOTE 35.8 OTHER INFORMATION

(₹ In Lakhs)

	Amount outstanding
(i) Gross non-performing assets	
(a) Related parties	-
(b) Other than related parties	6,291.85
(ii) Net non-performing assets	
(a) Related parties	-
(b) Other than related parties	4,386.49
(iii) Assets acquired in satisfaction of debt	-

Notes:

1. As defined in point xix of paragraph 3 of Chapter - 2 of these Directions.

2. Provisioning norms are applicable as prescribed in the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.

3. All Ind AS issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 36. INFORMATION AS REQUIRED IN TERMS OF RBI NOTIFICATION NO. DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20 DATED 13 MARCH 2020 ARE MENTIONED AS BELOW:

(₹ 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	327,645.11	2,212.84	325,432.27	1,496.28	716.56
	Stage 2	8,635.22	1,738.22	6,897.00	450.84	1,287.38
Subtotal		336,280.33	3,951.06	332,329.27	1,947.12	2,003.94
Non-performing assets ("NPA")						
Substandard	Stage 3	6,291.85	1,905.35	4,386.50	758.78	1,146.57
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		**6,291.85**	**1,905.35**	**4,386.50**	**758.78**	**1,146.57**
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	200.00	0.03	199.97	-	0.03
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**200.00**	**0.03**	**199.97**	**-**	**0.03**
Total	Stage 1	327,845.11	2,212.87	325,632.24	1,496.28	716.59
	Stage 2	8,635.22	1,738.22	6,897.00	450.84	1,287.38
	Stage 3	6,291.85	1,905.35	4,386.50	758.78	1,146.57
Grand total		**342,772.18**	**5,856.44**	**336,915.74**	**2,705.90**	**3,150.54**

Further, the disclosure requirement of policy for sales out of amortised cost business model portfolios is not applicable to the Company as it has FVOCI business model.

Information as required in terms of RBI notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 are mentioned as below:

The details of the accounts on which moratorium has been granted by the Company is as below:

(₹ In Lakhs)

		Amount
(i)	Amounts in SMA / overdue categories, where the moratorium / deferment was extended (refer note 1 below)	17,829.70
(ii)	Amount where asset classification benefits is extended	4,789.08
(iii)	Provisions made during the period	-
(iv)	Provisions adjusted during the periods against slippages and the residual provisions	N.A.

Note:

1. It does not include the overdue customers as of 29 February 2020 who has availed moratorium but on account of receipt of payment against the overdue amount, classified under current bucket as of 31 March 2020.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 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 2020 and 31 March 2019. 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	Advances received against loan agreements (refer note 1)	Financial instrument collateral (refer note 2 and 3)	Net amount
31 March 2020						
Loans and advances	337,126.21	3,349.65	333,776.56	10,022.97	49,846.92	273,906.67
31 March 2019						
Loans and advances	323,521.95	1,668.26	321,853.69	-	51,076.36	270,777.33

Note:

1. ₹ 13,372.62 Lakhs (31 March 2019: ₹ 1,668.26 Lakhs) represents advances received against loan agreements.
2. ₹ 49,730.87 Lakhs (31 March 2019: ₹ 50,878.81 Lakhs) represents security deposits received from borrowers.
3. ₹ 116.05 Lakhs (31 March 2019: ₹ 197.55 Lakhs) represents deposits given as security against borrowings.

NOTE 38. 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 2020			As at 31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	102,446.81	-	102,446.81	35,577.06	-	35,577.06
Bank balance other than cash and cash equivalents	162.44	28.11	190.55	1,278.75	-	1,278.75
Loans	157,921.01	175,855.55	333,776.56	178,017.64	143,836.05	321,853.69
Investments	500.00	3,250.03	3,750.03	-	2,227.05	2,227.05
Other financial assets	8,866.78	33.31	8,900.09	3,329.90	81.20	3,411.10
Non-financial assets						
Income tax assets (net)	221.38	-	221.38	95.16	-	95.16
Property, plant and equipment	-	1,198.56	1,198.56	-	1,140.92	1,140.92
Capital work-in-progress	-	4,821.34	4,821.34	-	4,564.43	4,564.43
Right-of-use asset	78.68	49.76	128.44	-	-	-
Other intangible assets	-	11.07	11.07	-	10.95	10.95
Other non-financial assets	234.54	-	234.54	196.05	-	196.05
Total assets	**270,431.64**	**185,247.73**	**455,679.37**	**218,494.56**	**151,860.60**	**370,355.16**
LIABILITIES						
Financial liabilities						
Trade payables						
Total outstanding dues of creditors other than micro enterprises and small enterprises	753.08	-	753.08	553.36	-	553.36
Debt securities	-	5,989.18	5,989.18	-	5,981.78	5,981.78
Borrowings (other than debt securities)	176,070.16	75,951.18	252,021.34	151,412.91	44,570.08	195,982.99
Other financial liabilities	60,525.88	30,167.99	90,693.87	33,897.04	38,522.28	72,419.32
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	1,621.04	-	1,621.04
Provisions	-	45.65	45.65	15.84	-	15.84
Deferred tax liabilities (net)	-	446.12	446.12	-	860.55	860.55
Other non-financial liabilities	1,238.86	619.87	1,858.73	790.15	1,148.43	1,938.58
Total liability	**238,587.98**	**113,219.99**	**351,807.97**	**188,290.34**	**91,083.12**	**279,373.46**
Net	**31,843.66**	**72,027.74**	**103,871.40**	**30,204.22**	**60,777.48**	**90,981.70**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 39. EMPLOYEE BENEFIT PLAN

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

(a) Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹ 149.78 Lakhs (31 March 2019: ₹ 86.69 Lakhs) and employee state insurance scheme aggregating ₹ 24.71 Lakhs (31 March 2019: ₹ 40.14 Lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

Financial assets not measured at fair value

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

The status of gratuity plan as required under Ind AS-19 is as under:

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
i.	**Reconciliation of opening and closing balances of defined benefit obligation**		
	Present value of defined benefit obligations at the beginning of the year	217.03	159.13
	Current service cost	41.52	39.99
	Interest cost	16.26	12.04
	Benefit paid	(5.20)	(5.11)
	Re-measurement (or Actuarial) (gain) / loss arising from:		
	Change in demographic assumptions	1.08	-
	Change in financial assumptions	25.65	2.91
	Experience variance (i.e. Actual experience vs assumptions)	(1.58)	8.07
	Present value of defined benefit obligations at the end of the year	**294.76**	**217.03**
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	234.26	191.55
	Interest income	19.15	16.07
	Return on plan assets excluding amounts included in interest income	(4.53)	(3.64)
	Contributions by the Company	5.43	35.39
	Benefits paid	(5.20)	(5.11)
	Fair value of plan assets at the end of the year	**249.11**	**234.26**
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	294.76	217.03
	Fair value of plan assets at the end of the year	249.11	234.26
	Net asset / (liability) recognized in the balance sheet as at the end of the year	**(45.65)**	**17.23**

iv. Composition of plan assets

100% of plan assets are administered by LIC. Further, exposure of the investment made by LIC in respective securities are as follows:

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
State government security	56.02	49.70
NCD / Bonds	20.94	22.71
Central Government security	19.35	18.75
CBLO, bank balance, etc.	-	4.92
Equity	3.67	3.92
Other approved security	0.01	-
Total	**100.00**	**100.00**

(₹ In Lakhs)

		Year ended 31 March 2020	Year ended 31 March 2019
v.	**Expense recognised during the Year**		
	Current service cost	41.52	39.99
	Interest cost	(2.89)	(4.03)
	Past service cost	-	0.63
	Expenses recognised in the statement of profit and loss	**38.63**	**36.59**
vi.	**Other comprehensive income**		
	Components of actuarial gain/losses on obligations:		
	Due to change in financial assumptions	25.65	2.91
	Due to change in demographic assumption	1.08	-
	Due to experience adjustments	(1.58)	8.07
	Return on plan assets excluding amounts included in interest income	4.53	3.64
	Components of defined benefit costs recognised in other comprehensive income	**29.68**	**14.62**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
vii. Principal actuarial assumptions		
Discount rate (per annum)	6.85%	7.60%
Rate of return on plan assets (p.a.)	6.85%	7.60%
Annual increase in salary cost	8.00%	8.00%
Withdrawal rates per annum		
25 and below	5.00%	3.00%
26 to 35	4.50%	2.50%
36 to 45	3.50%	2.00%
46 to 55	2.50%	1.50%
56 and above	2.00%	1.00%

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

viii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Defined benefit obligation (Base)	294.76	217.03

(₹ In Lakhs)

	Year ended 31 March 2020		Year ended 31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	313.84	277.28	232.39	203.02
(% change compared to base due to sensitivity	6.48%	-5.93%	7.08%	-6.46%
Salary growth rate (- / + 0.5%)	280.68	309.61	205.93	229.25
(% change compared to base due to sensitivity)	-4.78%	5.04%	-5.11%	5.63%
Withdrawal rate (W.R.) (W.R. x 90% / W.R. x 110%)	295.27	294.24	216.83	217.16
(% change compared to base due to sensitivity)	0.17%	-0.18%	-0.09%	0.06%

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

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

The average outstanding term of the obligations (years) as at valuation date is 12.85 years.

(₹ In Lakhs)

	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1st Following Year	10.34	1.30%
2nd Following year	9.54	1.20%
3rd Following Year	27.76	3.50%
4th Following Year	11.44	1.40%
5th Following Year	11.74	1.50%
Sum of years 6 to 10	82.81	10.40%

The future accrual is not considered in arriving at the above cash-flows.

The expected contribution for the next year is ₹ 45.65 Lakhs.

(c) Other long term employee benefits

The liability for compensated absences as at the year ended 31 March 2020 is Nil and as at year ended 31 March 2019 is ₹ 15.84 Lakhs.

NOTE 40. FINANCIAL INSTRUMENT AND FAIR VALUE MEASUREMENT

A. Accounting classifications and fair values

The carrying amount and fair value of financial instruments including their levels in the fair value hierarchy presented below:

(₹ In Lakhs)

As at 31 March 2020	Carrying amount			Fair value			Total
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	
Financial assets measured at fair value							
Loans	-	333,776.56	-	-	-	333,776.56	333,776.56
	-	**333,776.56**	**-**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	102,446.81	-	-				
Bank balance other than cash and cash equivalents	190.55	-	-				
Investment in subsidiary	2,217.26	-	1,032.77	-	-	3,693.64	3,693.64
Investment in debt securities	500.00	-	-				
Security deposits	70.39	-	-	-	-	66.53	66.53
Interest accrued but not due on loans and advances	8,795.62	-	-				
Interest accrued but not due on bank deposits	31.31	-	-				
Interest accrued but not due on investments	2.77	-	-				
	114,254.71	**-**	**1,032.77**				
Financial liabilities not measured at fair value[1]							
Trade payables	753.08	-	-				
Debt securities	5,989.18	-	-	-	-	6,248.02	6,248.02
Borrowings (other than debt securities)	252,021.34	-	-	-	-	252,942.36	252,942.36
Other financial liabilities	90,693.87	-	-				
	349,457.47	**-**	**-**				

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(₹ In Lakhs)

As at 31 March 2019	Carrying amount			Fair value			Total
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	
Financial assets measured at fair value							
Loans	-	321,853.69	-	-	-	321,853.69	321,853.69
	-	**321,853.69**	**-**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	35,577.06	-	-				
Bank Balance other than cash and cash equivalents	1,278.75	-	-				
Investment in subsidiary	2,227.05	-	-	-	-	2,780.51	2,780.51
Security deposits	56.88	-	-	-	-	50.35	50.35
Interest accrued but not due on loans and advances	3,305.63	-	-				
Interest accrued but not due on bank deposits	48.59	-	-				
	42,493.96	**-**	**-**				
Financial liabilities not measured at fair value[1]							
Trade payables	553.36	-	-				
Debt securities	5,981.78	-	-	-	-	6,027.90	6,027.90
Borrowings (other than debt securities)	195,982.99	-	-	-	-	196,409.27	196,409.27
Other financial liabilities	72,419.32	-	-				
	274,937.45	**-**	**-**				

[1] The Company 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 2020	Year ended 31 March 2019
i) Loans		
Balance at the beginning of the year	321,853.69	254,628.00
Gain included in OCI		
- Net change in fair value (unrealised)	658.09	(993.77)
Addition during the year	236,141.96	267,246.57
Amount derecognised / repaid during the year	(217,603.41)	(193,806.13)
Amount written off	(7,273.77)	(5,220.98)
Balance at the end of the year	333,776.56	321,853.69

Sensitivity analysis

(₹ In Lakhs)

	Amount, net of tax	
	Increase	Decrease
31 March 2020		
Loans		
Interest rates (1% movement)	(164.89)	165.08
Investment in OCPS of subsidiary		
Interest rates (1% movement)	0.09	(0.09)
31 March 2019		
Loans		
Interest rates (1% movement)	(145.15)	145.33

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

B. 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 I and II

There has been no transfer in between level I and level II.

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 seven days of the year end which is an unobservable input and therefore these has been considered to be fair valued using level 3 inputs.

Security deposits

The Company has fair valued the security deposit using normal market rate of interest as on relevant date using discounted cash flow model.

Investments

The Company has taken NAV of subsidiary company as on the latest available reporting date for computation of fair value of equity investment in subsidiary. For fair value of investment in OCPS of subsidiary, the Company has used market rate of interest and applied discounted cash flow model.

Debt securities and borrowings

The Company has computed fair value for debt securities and borrowings using normal market rate of interest as on relevant date using discounted cash flow model.

NOTE 41. CAPITAL

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

NOTE 41.1 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.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 41.2 REGULATORY CAPITAL

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Tier 1 Capital	96,237.33	86,412.19
Tier 2 Capital	6,712.87	5,445.51
Total Capital	**102,950.20**	**91,857.70**
Risk weighted assets		
Tier 1 Capital Ratio (%)	29.88%	27.40
Total Capital Ratio (%)	31.97%	29.13

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).

NOTE 42. 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.

NOTE 42.1 CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

(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 risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Company's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ In Lakhs)

	Carrying Amount	
	As at 31 March 2020	As at 31 March 2019
Retail assets loans	136,498.04	149,497.09
RAC loans	197,278.52	172,356.60
Total	**333,776.56**	**321,853.69**

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (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 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 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the days past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months provision
1-30 Days	Stage 1	12 Months provision
31-60 Days	Stage 2	Lifetime provision
61-90 Days	Stage 2	Lifetime provision
90+ Days	Stage 3	Lifetime provision

(ii) Grouping:

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

a. TW loan

b. SME loans

c. SRTO loan

d. MSME loan

e. Retail asset channel loans

(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. Marginal probability of default (“MPD”)

b. Loss given default (“LGD”)

c. Exposure at default (”EAD”)

d. Discount factor (“D”)

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 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.

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from internal data of the Company calibrated with forward looking macroeconomic factors.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Company has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: upside (11%), downside (21%) and base (68%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

LGD:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.

2) The computation consists of five components, which are:
   a) Outstanding balance (POS)
   b) Recovery amount (discounted yearly) by 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 loan portfolio, the LGD has been considered based on Basel-III Framework (International Regulatory Framework of Banks) for all the level of credit rating portfolio.

EAD:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments.

Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. 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, retail 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 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)"

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

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 expected credit loss provided for across the stage is summarised below:

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Stage 1	0.68%	0.36%
Stage 2	20.13%	11.19%
Stage 3	30.28%	20.59%
Amount of expected credit loss provided for	**5,856.44**	**3,599.93**

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables.

(iv) Impact assessment on account of COVID-19

The current COVID -19 impact on economic growth of the country is difficult to predict and the extent of negative impact will mainly depend on the future developments in containment of COVID-19, which is highly uncertain. Existing ECL model of the Company was primarily based on historical experiences of the economic conditions, customer behaviour and related factors. Hence, the increased uncertainty about potential future economic scenarios and their impact on credit losses has necessitated to consider additional scenarios while measuring ECLs.

The Company has, based on current available information estimated and applied management overlays based on the policy approved by the Board of Directors for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including credit reports and economic forecasts. Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates ₹ 5,856.45 Lakhs (as at March 31 2019, ₹ 3,599.93 Lakhs) which includes potential impact on account of the pandemic of ₹ 2,033.18 Lakhs. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

The extent to which the COVID-19 pandemic will impact future results of the Company will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period.

(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 rated AA- to AA+, based on external credit rating agencies.

NOTE 42.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilised cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Company, as on 31 March 2020 is 31.97% against regulatory norms of 15%. Tier I capital is 29.88% as against requirement of 10%. Tier II capital is 2.09% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Company is ₹ 1,79,500 Lakhs spread across 18 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

Majority of the Company's portfolio is MSME loans which qualifies as Priority Sector Lending. Over the years, the Company has maintained around 35% to 40% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Company. This further strengthens the liability management.

The table below summarises the maturity profile of the undiscounted cashflow of the Company's financial liabilities:

(₹ In Lakhs)

	1 day to 30 days (1 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 2020									
Debt securities	-	-	129.64	131.07	529.29	6,753.92	-	-	7,543.92
Borrowings	3,525.93	5,717.38	8,048.20	14,937.02	155,308.64	68,742.00	13,943.09	2,552.05	272,774.31
Trade payable	354.41	-	20.70	152.54	225.43	-	-	-	753.08
Lease liability	9.10	8.69	8.04	23.96	45.42	60.75	3.80	-	159.76
Other financial liabilities	30,951.14	842.06	2,107.42	7,246.50	19,293.12	26,543.70	2,949.73	613.75	90,547.42
As at 31 March 2019									
Debt securities	-	-	129.64	131.07	531.10	2,771.78	4,764.74	-	8,328.33
Borrowings	2,735.65	2,085.22	125,943.91	9,505.87	18,559.27	48,821.55	258.55	104.90	208,014.92
Trade payable	553.36	-	-	-	-	-	-	-	553.36
Other financial liabilities	20,267.55	599.65	1,690.23	5,617.04	5,722.57	33,278.05	4,720.59	523.64	72,419.32

NOTE 42.3 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 in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The sensitivity analysis have been carried out based on the exposure to interest rates for lending and borrowings carried at variable rate.

(₹ In Lakhs)

	Year ended 31 March 2020	
Change in interest rates	50 bp increase	50 bp decrease
Variable rate lending	197,278.52	197,278.52
Impact on profit for the year	986.39	(986.39)
Variable rate borrowings	236,070.42	236,070.42
Impact on profit for the year	(1,180.35)	1,180.35

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.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 43. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to profit and loss account:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Type of income		
Services charges	1,163.19	873.63
Others	406.01	479.72
Total revenue from contracts with customers	**1,569.20**	**1,353.35**
Geographical markets		
India	1,569.20	1,353.35
Outside India	-	-
Total revenue from contracts with customers	**1,569.20**	**1,353.35**
Timing of revenue recognition		
Services transferred at a point in time	1,569.20	1,353.35
Services transferred over time	-	-
Total revenue from contracts with customers	**1,569.20**	**1,353.35**

NOTE 44. 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.

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. RBI vide its notification bearing no. RBI/2019-20/244DOR.No.BP.BC.71/21.04.048/2019-20 COVID-19 Regulatory Package dated 23 May 2020 have permitted to grant further moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between 1 June 2020 and 31 August 2020 to its borrowers. The same is considered as non-adjusting event.

NOTE 45. 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 B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

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

Sameer Mota
Partner
Membership No: 109928

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)

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

Mumbai
3 June 2020

Ahmedabad
3 June 2020

Independent Auditor's Report

To the Members of MAS Financial Services Limited
Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of MAS Financial Services Limited (hereinafter referred to as the 'Holding Company') and its subsidiary - MAS Rural Housing & Mortgage Finance Limited (the Holding Company and its subsidiary together referred to as the 'Group'), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate financial statements of a subsidiary, as were audited by the other auditor, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in the 'Other Matter' paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

EMPHASIS OF MATTER

As described in Note 7.1 to the consolidated financial statements, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020, in accordance with Reserve Bank of India ('RBI') COVID-19 Regulatory Package.

As described in Note 40.1 (iv) to the consolidated financial statements, the extent to which the COVID-19 pandemic will impact the Group's financial performance is dependent on future developments, which are highly uncertain.

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

Key Audit Matters

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

Key audit matter	How the matter was addressed in our audit
Impairment of loans **Charge: INR 2,448.57 Lakhs for the year ended 31 March 2020** **Provision: INR 6,173.43 Lakhs as at 31 March 2020**	
Refer to the accounting policies in the consolidated financial statements: Note 3.6 to the consolidated financial statements: 'Significant accounting policies' and Note 7 to the consolidated financial statements: 'Loans'	
Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ('ECL') model. The Group's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.	Our key audit procedures included: **Design / controls** • Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice. • Understood management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.

Key audit matter	How the matter was addressed in our audit
The most significant areas are: - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Assigning internal rating to Retail Asset Channel - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors 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. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.	• Evaluated management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Tested the controls over 'Governance Framework' in line with RBI guidance. • Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • Tested review controls over measurement of impairment allowances and disclosures in standalone financial statements.
Impact of COVID-19 On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of: - Short-term and long-term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities; - impact of the pandemic on the Group's customers and their ability to repay dues; and - application of regulatory package announced by RBI on asset classification and provisioning. Management has conducted a qualitative assessment of significant increase in credit risk ('SICR') of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by RBI and considered updated macroeconomic scenarios and the use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.	**Substantive tests** • Assessed the appropriateness of management's rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of RBI / Government financial relief package. • Assessed the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Corroborated through independent check and enquiries the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. • We used our modelling specialist to test the model methodology and reasonableness of assumptions used. • Focused on appropriate application of accounting principles and reasonableness of assumptions used in the model. • Performed test of details over of calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance where possible. • Appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessed the appropriateness of the additional financial statements disclosures made by the Group regarding impact of COVID-19.

Key audit matter	How the matter was addressed in our audit
Information technology	
Information Technology ('IT') systems and controls The Group'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. We have focused on user access management, change management, interface controls and system application controls over key financial accounting and reporting systems.	Our audit procedures to assess the IT system access management included the following: **General IT controls / application controls and user access management** • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access to program and data, program change, and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access rights, new user creation, removal of user rights, user access review and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • We evaluated 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. • Other areas that were independently assessed included password policies, program change management procedures, system configurations, system interface controls, controls over changes to applications and that business users and developers did not have access to migrate changes in the production environment and the privileged access to applications, operating system or databases is restricted to authorized personnel.

OTHER INFORMATION

The Holding Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. The respective Management and the Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and the Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and the Board of Directors.

- Conclude on the appropriateness of Management and the Board of Directors use of the going concern basis of accounting in preparation of the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matter' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditor referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

OTHER MATTER

We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of ₹ 27,937.27 lac as at 31 March 2020, total revenues of ₹ 3,970.81 lac and net cash outflows amounting to ₹ 2,015.44 lac for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the audit reports of the other auditor.

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

Report on Other Legal and Regulatory Requirements

A. As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of a subsidiary as were audited by other auditor, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:

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

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on the separate financial statements of the subsidiary as noted in the 'Other Matter' paragraph:

   i. There were no pending litigations as at 31 March 2020 which would impact the consolidated financial position of the Group;

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020;

   iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2020; and

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.

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

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

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

Sameer Mota
Partner
Membership No: 109928
UDIN: 20109928AAAADN8587

Mumbai
3 June 2020

Annexure 'A'

to the Independent Auditor's report on the consolidated financial statements of MAS Financial Services Limited for the year ended 31 March 2020

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

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

OPINION

In conjunction with our audit of the consolidated financial statements of the Company and its subsidiary (collectively referred as 'Group') as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to the consolidated financial statements of MAS Financial Services Limited (hereinafter referred to as the 'Holding Company') and a company incorporated in India under the Companies Act, 2013 (the 'Act') which is its subsidiary company, as of that date.

In our opinion, the Holding Company and a company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to the consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to the consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

EMPHASIS OF MATTER

As described in Emphasis of Matter paragraph of our report to the consolidated financial statements, the extent to which the COVID 19 pandemic will have impact on the Company's internal financial controls with reference to the consolidated financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the consolidated financial statements and their operating effectiveness.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

OTHER MATTER

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the consolidated financial statements insofar as it relates to a subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

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

Sameer Mota
Partner
Membership No: 109928
UDIN: 20109928AAAADN8587

Mumbai
3 June 2020

Consolidated Balance Sheet

as at 31 March 2020

(₹ in Lakhs)

	Note no.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial assets			
Cash and cash equivalents	5	104,554.26	39,699.95
Bank balance other than cash and cash equivalents	6	192.60	1,280.68
Loans	7	359,222.60	348,267.74
Investments	8	500.00	-
Other financial assets	9	9,072.40	3,577.58
Total financial assets		**473,541.86**	**392,825.95**
Non-financial assets			
Income tax assets (net)	26	223.22	95.16
Deferred tax assets (net)	26	60.13	69.41
Property, plant and equipment	10(a)	1,282.91	1,239.67
Capital work-in-progress	10(d)	4,821.34	4,564.43
Right-of-use asset	10(c)	167.65	-
Other intangible assets	10(b)	11.80	12.01
Other non-financial assets	11	317.82	245.26
Total non-financial assets		**6,884.87**	**6,225.94**
Total assets		**480,426.73**	**399,051.89**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		812.78	600.10
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	12	5,989.18	5,981.78
Borrowings (other than debt securities)	13	273,599.82	221,327.10
Other financial liabilities	14	91,066.88	73,275.78
Total financial liabilities		**371,468.66**	**301,184.76**
Non-financial liabilities			
Current tax liabilities (net)	26	-	1,621.96
Provisions	15	47.22	17.19
Deferred tax liabilities (net)	26	444.41	860.55
Other non-financial liabilities	16	1,879.45	1,935.32
Total non-financial liabilities		**2,371.08**	**4,435.02**
Total liabilities		**373,839.74**	**305,619.78**
EQUITY			
Equity share capital	17	5,466.20	5,466.20
Other equity	18	99,131.64	86,088.59
Equity attributable to the owners of the Holding Company		**104,597.84**	**91,554.79**
Non-controlling interest		**1,989.15**	**1,877.32**
Total equity		**106,586.99**	**93,432.11**
Total liabilities and equity		**480,426.73**	**399,051.89**

See accompanying notes to the financial statements

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

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

Sameer Mota
Partner
Membership No: 109928

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)

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

Mumbai
3 June 2020

Ahmedabad
3 June 2020

Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

(₹ in Lakhs)

		Note no.	Year ended 31 March 2020	Year ended 31 March 2019
I.	**Revenue from operations**			
	Interest income	19	59,690.94	49,668.65
	Gain on assignment of financial assets		10,930.43	9,414.46
	Fees and commission income		1,584.52	1,374.54
	Total revenue from operations		**72,205.89**	**60,457.65**
	Other income	20	35.91	12.01
	Total income		**72,241.80**	**60,469.66**
II.	**Expenses**			
	Finance costs	21	29,611.20	22,366.05
	Fees and commission expense		601.88	404.35
	Impairment on financial assets	22	8,894.53	5,543.65
	Employee benefits expenses	23	5,869.00	5,204.63
	Depreciation and amortization	24	285.05	160.36
	Others expenses	25	3,119.95	2,989.81
	Total expenses		**48,381.61**	**36,668.85**
	Profit before exceptional items and tax (I - II)		23,860.19	23,800.81
	Exceptional items		-	-
III.	**Profit before tax**		**23,860.19**	**23,800.81**
IV.	**Tax expense:**			
	Current tax	26	6,391.18	8,340.61
	Short / (excess) provision for tax relating to prior years	26	(95.99)	7.12
	Net current tax expense		**6,295.19**	**8,347.73**
	Deferred tax (credit) / charge	26	(561.14)	(7.57)
	Net tax expense		**5,734.05**	**8,340.16**
V.	**Profit for the year (III - IV)**		18,126.14	15,460.65
VI.	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss:			
	Remeasurement of the defined benefit liabilities		(33.82)	(11.54)
	Income tax impact on above		8.51	4.25
	Net gain on equity instruments measured through other comprehensive income		-	(1.10)
	Income tax impact on above		-	0.38
	Total (A)		**(25.31)**	**(8.01)**
	(B) Items that will be reclassified to profit or loss:			
	Loans and advances through other comprehensive Income		665.35	(993.77)
	Income tax relating to items that will be reclassified to profit or loss		(167.47)	347.26
	Total (B)		**497.88**	**(646.51)**
	Other comprehensive income (A+B)		472.57	(654.52)
VII.	**Total comprehensive income (V + VI)**		**18,598.71**	**14,806.13**
VIII.	**Profit for the year attributable to**			
	Owners of the Holding Company		17,995.76	15,353.69
	Non-controlling interest		130.38	106.96
IX.	**Other comprehensive income attributable to**			
	Owners of the Holding Company		471.63	(655.42)
	Non-controlling interest		0.94	0.90
X.	**Total comprehensive income attributable to**			
	Owners of the Holding Company		18,467.39	14,698.27
	Non-controlling interest		131.32	107.86
XI.	**Earnings per equity share (of ₹ 10 each):**	27		
	Basic (₹)		32.92	28.28
	Diluted (₹)		32.92	28.28

See accompanying notes to the financial statements

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

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

Sameer Mota
Partner
Membership No: 109928

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

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

Mumbai
3 June 2020

Ahmedabad
3 June 2020

Consolidated Statement of changes in Equity

for the year ended 31 March 2020

(A) EQUITY SHARE CAPITAL

(₹ In Lakhs)

Equity Share of ₹ 10 each issued, subscribed and fully paid	
Balance at 31 March 2018	**5,466.20**
Changes in equity share capital during the year	-
Balance at 31 March 2019	**5,466.20**
Changes in equity share capital during the year	-
Balance at 31 March 2020	**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	Capital reserve	Securities premium	Retained earnings	Equity instruments through OCI	Loans and advances through OCI	
Balance at 31 March 2018	**7,915.45**	**200.44**	**109.95**	**12.72**	**42,699.41**	**17,755.10**	**0.50**	**3,759.11**	**72,452.68**
Profit for the year	-	-	-	-	-	15,353.69	-	-	15,353.69
Effect of changes in Group's interest	-	0.20	0.11	(12.72)	0.02	13.15	-	-	0.76
Other comprehensive income (net of taxes)	-	-	-	-	-	(8.19)	(0.72)	802.35	793.44
Equity component of OCPS converted into equity share capital	-	-	(76.45)	-	-	-	-	-	(76.45)
Interim dividend on equity shares including dividend distribution tax ("DDT")	-	-	-	-	-	(986.88)	-	-	(986.88)
Final dividend on equity shares including DDT	-	-	-	-	-	(1,421.66)	-	-	(1,421.66)
Final dividend on preference shares including DDT	-	-	-	-	-	(23.04)	-	-	(23.04)
Transfer to reserve u/s. 45-IC of RBI Act, 1934	3,042.29	-	-	-	-	(3,042.29)	-	-	-
Transfer to reserve u/s. 29-C of NHB Act,1987	-	61.28	-	-	-	(61.28)	-	-	-
Additions during the year in securities premium	-	-	-	-	(3.95)	-	-	-	(3.95)
Balance at 31 March 2019	**10,957.74**	**261.92**	**33.61**	**-**	**42,695.48**	**27,578.60**	**(0.22)**	**4,561.46**	**86,088.59**
Transition impact of Ind AS 116 (net of taxes)	-	-	-	-	-	(12.45)	-	-	(12.45)
Profit for the year	-	-	-	-	-	17,995.76	-	-	17,995.76
Other comprehensive income (net of taxes)	-	-	-	-	-	(24.06)	-	2,756.04	2,731.98
Interim dividend on equity shares including DDT	-	-	-	-	-	(5,271.84)	-	-	(5,271.84)
Final dividend on preference shares including DDT	-	-	(22.89)	-	-	-	-	-	(22.89)
Final dividend on equity shares including DDT	-	-	-	-	-	(2,377.51)	-	-	(2,377.51)
Transfer to reserve u/s. 45-IC of the RBI Act, 1934	3,564.26	-	-	-	-	(3,564.26)	-	-	-
Transfer to reserve u/s. 29-C of NHB Act,1987	-	53.04	-	-	-	(53.04)	-	-	-
Balance at 31 March 2020	**14,522.00**	**314.96**	**10.72**	**-**	**42,695.48**	**34,271.20**	**(0.22)**	**7,317.50**	**99,131.64**

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

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

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

Mumbai
3 June 2020

Ahmedabad
3 June 2020

Consolidated Statement of Cash Flows

for the year ended 31 March 2020

(₹ in Lakhs)

	Year ended 31 March 2020		Year ended 31 March 2019	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		23,860.19		23,800.81
Adjustments for :				
Depreciation and amortisation	285.05		160.36	
Finance cost	29,611.20		22,366.05	
Provision for impairment on financial assets	2,448.57		1,465.00	
Loss assets written off (net)	6,445.96		4,078.65	
(Profit) / loss on sale of property, plant and equipment	0.82		(1.77)	
Loss on sale of repossessed assets	327.03		200.44	
Interest income	(56,478.17)		(47,416.64)	
Interest income from investments and deposits	(1,272.86)		(729.36)	
Income received in advance	(19.12)		(19.61)	
Interest income from NCD measured at amortised cost	(8.26)		-	
Gain on derecognition of leased asset	(0.95)		-	
Net gain on equity instruments measured through other comprehensive income	-		(1.10)	
		(18,660.73)		**(19,897.98)**
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**5,199.46**		**3,902.83**
Changes in working capital:				
Adjustments for (increase)/decrease in operating assets:				
Loans and advances	(16,921.09)		(78,789.28)	
Deposits given as collateral	(14.01)		297.08	
Bank balance other than cash and cash equivalents	1,001.16		(987.92)	
Other financial and non-financial asset	(435.65)		(186.61)	
Adjustments for increase/(decrease) in operating liabilities:				
Trade payables	212.68		239.35	
Security deposits from borrowers	(1,142.45)		6,339.82	
Other financial and non-financial liabilities	17,627.08		5,410.21	
Provisions	30.03	357.75	(67.37)	(67,744.72)
CASH GENERATED FROM / (USED IN) OPERATIONS		**5,557.21**		**(63,841.89)**
Interest income received	50,985.09		46,490.98	
Finance cost paid	(28,863.68)		(22,251.58)	
Income tax paid (net)	(8,045.21)	14,076.20	(7,197.87)	17,041.53
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)		**19,633.41**		**(46,800.36)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on property, plant and equipment and intangible assets, including capital advances	(461.41)		(200.45)	
Proceeds from sale of property, plant and equipment and intangible assets	0.53		3.79	
Change in Earmarked balances with banks	86.92		732.13	
Interest income from bank deposits	1,290.14		839.74	
Interest income on investments measured at amortised cost	5.49			
Purchase of investments measured at amortised cost	(500.00)		-	
Proceeds from redemption of investments	-		9.96	
CASH FLOW (USED IN) INVESTING ACTIVITIES (B)		**421.67**		**1,385.17**

Consolidated Statement of Cash Flows (contd.)

for the year ended 31 March 2020

(₹ in Lakhs)

	Year ended 31 March 2020		Year ended 31 March 2019	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of shares of subsidiary	-		200.00	
Proceeds from debt securities and borrowings	99,825.00		84,790.01	
Repayments of borrowings	(20,230.21)		(27,137.42)	
Net increase / (decrease) in working capital borrowings	(26,983.91)		24,773.61	
Repayment of principal component of lease liability	(118.78)		-	
Dividends paid including dividend distribution tax	(7,692.87)		(2,449.29)	
CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)		**44,799.23**		**80,176.91**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**64,854.31**		**34,761.72**
Cash and cash equivalents at the beginning of the year		39,699.95		4,938.23
Cash and cash equivalents at the end of the year (refer note 1 below)		104,554.26		39,699.95

Notes:

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

(₹ in Lakhs)

	As at 31 March 2020	As at 31 March 2019
(a) Cash on hand	21.49	25.04
(b) Balances with banks	78,532.77	31,024.91
Total	**78,554.26**	**31,049.95**
Bank deposits with original maturity of 3 months or less	26,000.00	8,650.00
Cash and cash equivalents as per the balance sheet	**104,554.26**	**39,699.95**

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

3 The Group applied Ind AS 116 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying Ind AS 116 is recognised in retained earnings at the date of initial application.

4 The Group as at 31 March 2020 has undrawn borrowing facilities amounting to ₹ 77,880.55 Lakhs that may be available for future operating activities and to settle capital commitments.

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

	1 April 2019	Cash flows	Non-cash changes*	31 March 2020
Debt securities	5,981.78	-	7.40	5,989.18
Borrowings other than debt securities	221,327.10	53,110.79	(838.07)	273,599.82
Total liabilities from financing activities	**227,308.88**	**53,110.79**	**(830.67)**	**279,589.00**

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

See accompanying notes to the financial statements

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

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

Sameer Mota
Partner
Membership No: 109928

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)

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

Mumbai
3 June 2020

Ahmedabad
3 June 2020

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

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

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

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 2020. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances.

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

Name of the entity	Relationship	Country of incorporation	Ownership held by	% of holding and voting power as at	
				31 March 2020	31 March 2019
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 basis except for following assets and liabilities which have been measured at fair value amount:

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

ii) Defined benefit plans - plan assets

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

2.3 Functional and presentation currency

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

2.4 Use of judgements, estimates 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 carrying amounts of loans. 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 these consolidated 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.

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 38.

ii) Effective interest rate ("EIR") method

The Group's EIR methodology, as explained in Note 3.1(A), recognises interest income /

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

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

iii) Impairment of financial asset

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

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

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

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

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

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

iv) Provisions and other contingent liabilities

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

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

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

For further details on provisions and other contingencies refer note 3.16.

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

2.5 Presentation of the consolidated financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 36.

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

i) The normal course of business

ii) The event of default

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. EIR method

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

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

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

B. Interest income

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

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

3.2 Financial instrument - initial recognition

A. Date of recognition

All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in note 3.8), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

C. Measurement categories of financial assets and liabilities

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

i) Amortised cost

ii) FVOCI

iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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

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

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

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

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

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

SPPI test

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

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

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

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

Accordingly, the financial assets are measured as follows:

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

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

ii) **Financial assets measured at FVOCI**

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

iii) **Financial assets at FVTPL**

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

iv) **Other equity investments**

All other equity investments are measured at fair value, with value changes recognised in the statement of profit and loss, except for those equity investments for which the Holding Company has elected to present the value changes in other comprehensive income ("OCI").

B. **Financial liability**

i) **Initial recognition and measurement**

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

ii) **Subsequent measurement**

Financial liabilities are carried at amortized cost using the EIR method.

3.4 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in the year ended 31 March 2020 and 31 March 2019.

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.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

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

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Group recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

As per the guidelines of RBI, the Group is required to retain certain portion of the loan assigned to parties in its books as minimum retention requirement ("MRR"). Therefore, it continue to recognise the portion retained by it as MRR.

ii) **Financial liability**

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

3.6 Impairment of financial assets

A. Overview of the ECL principles

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

ECL are measured through a loss allowance at an amount equal to:

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

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

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. It also includes upgraded stage 3 loans for which there are no overdue balance.

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. The Group records an allowance for life time ECL.

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

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

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

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 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.

The LGD has been considered based on Basel-III 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.

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.

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.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

i) Real GDP (% change pa)

ii) Lending interest rates

iii) Manufacturing (% real change pa)

iv) Services (% of GDP)

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.

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.

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

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

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 income etc. are recognised on point in time basis.

3.9 (II) Recognition of other expense

A. Borrowing costs

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

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

3.10 Cash and cash equivalents

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

3.11 Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on property, plant and equipment after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

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

The estimated useful lives are, as follows:

i) Buildings - 60 years

ii) Office equipment - 3 to 15 years

iii) Furniture and fixtures - 10 years

iv) Vehicles - 8 years

In respect of property, plant and equipment, depreciation is provided on a pro-rata basis from the date on which such asset is purchased or ready for its intended use.

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

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

3.12 Intangible assets

The Group's other intangible assets include the value of software and trademark. An intangible asset is

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recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

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

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives.

The estimated useful lives are as follows:

i) Software - 3 years

ii) Trademark - 10 years

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

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

3.14 Leases

Effective 1 April 2019, the Group has adopted Ind-AS 116 - Leases and applied it to all lease contracts existing on 1 April 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Group is not required to restate the comparative figures.

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

The following policies apply subsequent to the date of initial application, 1 April 2019.

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

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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.

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

Short-term employee benefits

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

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

3.16 Provisions, contingent liabilities and contingent assets

A. Provisions

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

B. Contingent liability

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

C. Contingent asset

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

3.17 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

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.

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

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

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off.

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

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

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

3.18 Earnings per share

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

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

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

3.19 Dividends on ordinary shares

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

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

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

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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NOTE 5. CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Cash on hand	21.49	25.04
Balances with banks:		
In current/ cash credit accounts	78,532.77	31,024.91
Bank deposits with original maturity of 3 months or less	26,000.00	8,650.00
Total cash and cash equivalents	**104,554.26**	**39,699.95**

NOTE 6. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
In current accounts (Refer note below)	48.28	1,051.93
Unpaid dividend bank balances	2.98	0.49
In fixed deposit accounts:		
Deposits given as security against borrowings and other commitments	141.34	228.26
Total bank balance other than cash and cash equivalents	**192.60**	**1,280.68**

Note: Balance represents balance with banks in earmarked account i.e. 'collection and payout account'.

NOTE 7. LOANS

(₹ In Lakhs)

	As at 31 March 2020			As at 31 March 2019		
	At fair value through OCI	At amortised cost	Total	At fair value through OCI	At amortised cost	Total
(A) Term loans	335,436.26	24,096.89	359,533.15	321,853.69	26,538.98	348,392.67
Less: Impairment loss allowance	-	310.55	310.55	-	124.93	124.93
Total (A) - Net	**335,436.26**	**23,786.34**	**359,222.60**	**321,853.69**	**26,414.05**	**348,267.74**
(B) (i) Secured by tangible assets	236,813.47	24,096.89	260,910.36	217,910.66	26,538.98	244,449.64
(ii) Unsecured	98,622.79	-	98,622.79	103,943.03	-	103,943.03
Total (B) - Gross	**335,436.26**	**24,096.89**	**359,533.15**	**321,853.69**	**26,538.98**	**348,392.67**
Less: Impairment loss allowance	-	310.55	310.55	-	124.93	124.93
Total (B) - Net	**335,436.26**	**23,786.34**	**359,222.60**	**321,853.69**	**26,414.05**	**348,267.74**
(C) (I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Private Sector	335,436.26	24,096.89	359,533.15	321,853.69	26,538.98	348,392.67
Total (C) - Gross	**335,436.26**	**24,096.89**	**359,533.15**	**321,853.69**	**26,538.98**	**348,392.67**
Less: Impairment loss allowance	-	310.55	310.55	-	124.93	124.93
Total (C) (I) - Net	**335,436.26**	**23,786.34**	**359,222.60**	**321,853.69**	**26,414.05**	**348,267.74**
(C) (II) Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total (C) (II) - Net	**-**	**-**	**-**			**-**
Total C(I) and C(II)	**335,436.26**	**23,786.34**	**359,222.60**	**321,853.69**	**26,414.05**	**348,267.74**

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Notes:		
1. Secured exposures are exposures secured wholly or partly by hypothecation of assets, undertaking to create a security and/or personal guarantee.		
2. The Group has advanced loans to its officer. Principal amount of such loans outstanding is:	19.79	21.92
3. Refer note no. 31(b) for loans to companies in which directors are interested.		

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NOTE 7.1 AN ANALYSIS OF CHANGES IN THE GROSS CARRYING AMOUNT OF LOANS IS GIVEN BELOW:

(₹ In Lakhs)

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	334,093.69	10,931.13	6,673.49	351,698.31	263,755.78	8,507.08	4,824.66	277,087.52
Changes in opening credit exposures (net of repayment and excluding write off)	(222,705.43)	(3,731.09)	41.86	(226,394.66)	(192,698.92)	(4,997.96)	(1,269.71)	(198,966.59)
New assets originated (net of repayment)*	249,259.15	741.14	379.68	250,379.97	270,031.09	5,885.04	2,994.81	278,910.94
Transfers from Stage 1	(11,445.19)	6,884.83	4,560.36	-	(6,924.71)	4,372.13	2,552.58	-
Transfers from Stage 2	3,196.33	(5,015.50)	1,819.17	-	879.70	(1,672.51)	792.81	-
Transfers from Stage 3	9.18	0.25	(9.43)	-	6.48	8.28	(14.76)	-
Amounts written off	(105.67)	(167.97)	(7,081.21)	(7,354.85)	(955.73)	(1,170.93)	(3,206.90)	(5,333.56)
Gross carrying amount closing balance	**352,302.06**	**9,642.79**	**6,383.92**	**368,328.77**	**334,093.69**	**10,931.13**	**6,673.49**	**351,698.31**

* New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Group has offered a moratorium of three months on the payment of all principal instalments and / or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers, even if the said amounts were overdue on 29 February 2020. For all such accounts where the moratorium is granted, the Group has excluded the moratorium period from the number of days past due for the purpose of asset classification as per the Group's policy.

NOTE 7.2 RECONCILIATION OF ECL BALANCE IS GIVEN BELOW:

(₹ In Lakhs)

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	1,161.68	1,181.97	1,381.21	3,724.86	801.24	971.82	486.80	2,259.86
Changes in opening credit exposures (net of repayment and excluding write off)	(398.62)	911.64	1,333.85	1,846.87	(654.69)	(230.69)	509.74	(375.64)
New assets originated (net of repayment)	1,582.23	99.43	115.46	1,797.12	1,020.65	720.31	568.40	2,309.36
Transfers from Stage 1	(113.08)	66.72	46.36	-	(35.88)	23.87	12.01	-
Transfers from Stage 2	54.17	(301.42)	247.25	-	30.94	(168.62)	137.68	-
Transfers from Stage 3	1.91	0.04	(1.95)	-	3.37	0.67	(4.04)	-
Amounts written off	(0.57)	(8.70)	(1,186.15)	(1,195.42)	(3.95)	(135.39)	(329.38)	(468.72)
ECL allowance - closing balance	**2,287.72**	**1,949.68**	**1,936.03**	**6,173.43**	**1,161.68**	**1,181.97**	**1,381.21**	**3,724.86**

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 7,354.85 Lakhs at 31 March 2020 (31 March 2019 : ₹ 5,333.56 Lakhs).

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. 40.1.

NOTE 8. INVESTMENTS (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Investments		
Debt securities	500.00	
Total – Gross (A)	**500.00**	
(i) Investments outside India	-	
(ii) Investments in India	500.00	
Total (B)	**500.00**	
Less: Allowance for impairment loss (C)	-	
Total – Net D= (A)-(C)	**500.00**	

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NOTE 9. OTHER FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Security deposits	82.80	68.79
Interest accrued but not due on loans and advances	8,953.28	3,460.20
Interest accrued but not due on bank deposits	31.31	48.59
Interest accrued but not due on investments	2.77	-
Sundry Debtors	2.24	-
Total other financial assets	**9,072.40**	**3,577.58**

NOTE 10. PROPERTY, PLANT AND EQUIPMENT 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	Other intangibles	Total
Cost								
As at 31 March 2018	662.07	269.65	204.11	238.86	1,374.69	27.29	-	27.29
Additions	6.13	64.42	48.39	45.32	164.26	2.17	0.10	2.27
Disposals	-	11.40	-	11.00	22.40	-	-	-
As at 31 March 2019	**668.20**	**322.67**	**252.50**	**273.18**	**1,516.55**	**29.46**	**0.10**	**29.56**
Additions	-	119.84	73.63	-	193.47	11.03	-	11.03
Disposals	-	39.31	27.34	7.24	73.89	-	-	-
As at 31 March 2020	**668.20**	**403.20**	**298.79**	**265.94**	**1,636.13**	**40.49**	**0.10**	**40.59**
Depreciation/amortisation								
As at 31 March 2018	9.12	71.72	27.66	37.74	146.24	8.21	-	8.21
Depreciation/amortization charge	11.37	75.53	24.59	39.55	151.04	9.34	-	9.34
Disposal	-	11.32	-	9.08	20.40	-	-	-
As at 31 March 2019	**20.49**	**135.93**	**52.25**	**68.21**	**276.88**	**17.55**	**-**	**17.55**
Depreciation/amortization charge	11.44	67.29	29.76	40.39	148.88	11.23	0.01	11.24
Disposal	-	38.29	27.22	7.03	72.54	-	-	-
As at 31 March 2020	**31.93**	**164.93**	**54.79**	**101.57**	**353.22**	**28.78**	**0.01**	**28.79**
Net block value:								
As at 31 March 2019	**647.71**	**186.74**	**200.25**	**204.97**	**1,239.67**	**11.91**	**0.10**	**12.01**
As at 31 March 2020	**636.27**	**238.27**	**244.00**	**164.37**	**1,282.91**	**11.71**	**0.09**	**11.80**

Note: Building under construction amounting to ₹ 4,563.72 Lakhs has been re-classified from property, plant and equipments to capital work in progress.

(c) Right-of-use asset

The details of the right-of-use asset held by the Group is as follows:

(₹ In Lakhs)

Office Premises	
At 01 April 2019	295.87
Additions for the period	10.58
Disposals	15.62
As at 31 March 2020	**290.83**
Depreciation	
At 01 April 2019	-
Additions	124.94
Disposals	1.76
As at 31 March 2020	**123.18**
Net Block Value:	
As at 31 March 2020	**167.65**

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Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(d) Capital work in progress

Capital work in progress includes borrowing costs related to development of building amounted to ₹ 231.57 Lakhs (previous year ₹ 32.56 Lakhs). Borrowing costs are capitalised using rates based on specific borrowing rate i.e. 9.25% to 9.90%.

NOTE 11. OTHER NON-FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	27.28	6.98
Advances to employees	12.16	13.03
Re-possessed assets	174.68	136.91
Balance with Government Authorities	64.00	39.41
Gratuity fund [refer note 37(B)]	1.28	21.11
Other advances	38.42	27.82
Total	**317.82**	**245.26**

NOTE 12. DEBT SECURITIES (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Unsecured debentures (refer note no. 13.2)		
- 400, 14.00% Redeemable, Non-Convertible Debentures of ₹ 1,000,000 each	4,000.00	4,000.00
- 200, 13.50% Redeemable, Non-Convertible Debentures of ₹ 1,000,000 each	2,000.00	2,000.00
Less: Unamortised borrowing costs	(10.82)	(18.22)
Total	**5,989.18**	**5,981.78**
Debt securities in India	5,989.18	5,981.78
Debt securities outside India	-	-
Total	**5,989.18**	**5,981.78**

NOTE 13. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
(a) Term loans (refer note no. 13.2)		
(i) from banks	127,803.80	73,529.06
(ii) from NHB	1,575.12	1,212.86
(iii) from other parties (financial institutions)	20,869.18	26,211.40
(b) Loans repayable on demand from banks - cash credit (refer note no 13.1)	16,494.45	43,478.36
(c) Short term loans		
(i) from banks	107,800.01	77,500.00
(ii) from other parties (financial institutions)	-	-
Less: Unamortised borrowing costs	(942.74)	(604.58)
Total	**273,599.82**	**221,327.10**
Borrowings in India	273,599.82	221,327.10
Borrowings outside India	-	-
Total	**273,599.82**	**221,327.10**

NOTE 13.1 LOANS REPAYABLE ON DEMAND FROM BANKS - CASH CREDIT

Note: 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 relative book debts, receivables, loans and advances and entire portfolio outstanding (except specific portfolio generated from various term loans sanctioned by various banks/financial institutions on an exclusive basis) and equitable mortgage/negative lien by deposit of title deeds on some of the Group's immovable properties, as collateral security. The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi, Mr. Mukesh Chimanlal Gandhi and Mrs. Shweta Kamlesh Gandhi.

The Group has not defaulted in repayment of borrowings and interest.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 13.2 DETAILS OF TERMS OF REDEMPTION/REPAYMENT AND SECURITY PROVIDED IN RESPECT OF DEBT SECURITIES AND BORROWINGS:

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Debentures				
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 tenure Tenure :7 years	N.A.
200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 Lakhs each	2,000.00	2,000.00	Coupon Rate: 13.50% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenure Tenure : 6 years and 6 months	N.A.
Total debentures	**6,000.00**	**6,000.00**		
Term loans from banks				
Term Loan - 1	3,000.00	6,000.00	Repayable in 10 quarterly instalments starting from 5 December 2018	Secured by a first charge on hypothecation of present and future loan receivables.
Term Loan - 2	250.00	625.00	Repayable in 20 quarterly instalments starting from 30 September 2015	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, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 3	150.00	375.00	Repayable in 20 quarterly instalments starting from 30 September 2015	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, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 4	1,200.00	1,800.00	Repayable in 20 quarterly instalments starting 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, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 5	11.56	1,896.48	Repayable in 36 monthly instalments starting from 7 April 2017	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 6	2,397.16	4,007.58	Repayable in 36 monthly instalments starting 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 - 7	2,537.23	4,135.07	Repayable in 36 monthly instalments starting 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 - 8	2,210.79	2,460.08	Repayable in 96 monthly instalments starting from 7 April 2018	First and exclusive charge on land, property and commercial property under construction.
Term Loan - 9	3,071.81	-	Repayable in 36 monthly instalments starting from 7 November 2019	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loan - 10	750.00	-	Repayable in 36 monthly instalments starting 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 - 11	3,000.00	-	Repayable in 36 monthly instalments starting 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 - 12	1,250.00	-	Repayable in 36 monthly instalments starting 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 - 13	1,041.67	1,875.00	Repayable in 36 monthly instalments starting 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 - 14	1,071.81	2,046.62	Repayable in 30 monthly instalments starting from 27 October 2018	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 - 15	10,416.67	7,500.00	Repayable in 36 monthly instalments starting from 30 April 2019	First exclusive charge of present and future book debts and receivables of the Holding Company.
Term Loan - 16	7,272.73	10,000.00	Repayable in 11 quarterly instalments starting from 1 July 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.
Term Loan - 17	2,500.00	5,000.00	Repayable in 16 quarterly instalments starting from 30 June 2017	Secured by Hypothecation of portfolio of the Holding Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 18	347.22	1,180.55	Repayable in 36 monthly instalments starting from 1 September 2017	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 19	888.88	1,555.56	Repayable in 36 monthly instalments starting from 1 August 2018	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 20	2,083.33	-	Repayable in 12 quarterly instalments starting 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 - 21	6,000.00	-	Repayable in 8 quarterly instalments starting from 30 September 2020	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 22	10,000.00	-	Repayable in 12 quarterly instalments starting 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 Holding Company.
Term Loan - 23	8,450.00	-	Repayable in 16 quarterly instalments starting from 30 September 2019	Hypothecation of standard portfolio of the Holding Company created out of the term loan.
Term Loan - 24	19,125.00	-	Repayable in 16 quarterly instalments starting from 29 February 2020	Hypothecation of standard portfolio of the Holding Company created out of the term loan.
Term Loan - 25	20,000.00	-	Repayable in 18 quarterly instalments starting from 31 December 2020	Exclusive charge by the way of hypothecation on specific receivables of the Holding Company

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loan - 26	50.00	150.00	Repayable in 8 quarterly instalments starting from 11 November 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 security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 27	250.00	750.00	Repayable in 8 quarterly instalments starting from 11 December 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 security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 28	375.00	875.00	Repayable in 8 quarterly instalments starting 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 & Mr. Mukesh Gandhi.
Term Loan - 29	84.23	421.13	Repayable in 24 quarterly instalments starting from 1 September 2014	Loan is secured by hypothecation charge on portfolio created form the bank finance. Corporate Guarantee of MAS Financial Services Limited. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 30	1,010.98	1,335.42	Repayable 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 & Mr. Mukesh Gandhi.
Term Loan - 31	458.33	625.00	Repayable 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 & Mr. Mukesh Gandhi.
Term Loan - 32	375.00	541.67	Repayable in 24 quarterly instalments starting from 31 July 2016	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 33	250.00	333.33	Repayable in 24 quarterly instalments starting from 30 June 2017	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 34	541.67	666.67	Repayable in 24 quarterly instalments starting from 30 June 2017	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 35	178.57	321.43	Repayable in 28 quarterly instalments starting from 30 April 2014	Loan is secured by Hypothecation on receivables. Corporate Guarantee of MAS Financial Services Limited. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 36	37.50	87.50	Repayable in 20 quarterly instalments starting from 31 March 2016	Hypothecation of the Receivables arising out of onward lending of Rupee Term loan extended by the Bank.Corporate Guarantee of MAS Financial Services Limited. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loan - 37	166.67	250.00	Repayable in 24 quarterly instalments starting from 30 June 2016	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 38	797.89	958.33	Repayable 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 & Mr. Mukesh Gandhi.
Term Loan - 39	462.09	500.00	Repayable 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 & Mr. Mukesh Gandhi.
Term Loan - 40	1,375.00	2,375.00	Repayable in 10 quarterly instalments starting from 28 February 2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi & Mrs. Shweta Gandhi.
Term Loan - 41	2,200.00	2,500.00	Repayable in 26 quarterly instalments starting from 28 February 2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi & Mrs. Shweta Gandhi.
Term Loan - 42	87.50	137.50	Repayable in 24 quarterly instalments starting 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 & Mr. Mukesh Gandhi. & Mrs. Shweta K. Gandhi.
Term Loan - 43	204.11	320.79	Repayable in 24 quarterly instalments starting 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 & Mr. Mukesh Gandhi. & Mrs. Shweta K. Gandhi.
Term Loan - 44	671.62	791.67	Repayable in 24 quarterly instalments starting 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 & Mr. Mukesh Gandhi.
Term Loan - 45	364.11	666.67	Repayable in 36 monthly instalments starting 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 & Mr. Mukesh Gandhi.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loan - 46	2,100.00	2,800.00	Repayable in 8 quarterly instalments starting 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 & Mr. Mukesh Gandhi.
Term Loan - 47	4,200.46	5,000.00	Repayable in 18 quarterly instalments starting 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 & Mr. Mukesh Gandhi.
Term Loan - 48	1,007.96	-	Repayable in 24 quarterly instalments starting 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 & Mr. Mukesh Gandhi.
Term Loan - 49	1,510.50	-	Repayable in 24 quarterly instalments starting 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 & Mr. Mukesh Gandhi.
Term Loan - 50	-	187.50	Repayable in 24 quarterly instalments starting from 28 February 2014	Loan is secured by First & exclusive Hypothecation of Specific Receivables which are not more than 30 days overdue. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 51	-	445.09	Repayable in 8 quarterly instalments starting from 7 October 2017	Loan is secured by First & exclusive Hypothecation of Specific Receivables which are not more than 30 days overdue. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Vehicle Loans - 52	18.75	32.43	Repayable in 36 monthly instalments starting from 5 July 2018	Secured by hypothecation of the vehicle financed.
Total term loans from banks	**127,803.80**	**73,529.06**		
Term loans from NHB				
Term Loans from NHB - 1	265.90	397.36	Repayable in 39 quarterly instalments starting from 1 July 2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Gurantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loans from NHB - 2	-	79.44	Repayable in 39 quarterly instalments starting from 1 July 2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Gurantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loans from NHB - 3	-	79.44	Repayable in 39 quarterly instalments starting from 1 July 2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Gurantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loans from NHB - 4	278.53	344.61	Repayable in 39 quarterly instalments starting from 1 July 2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Gurantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loans from NHB - 5	-	7.76	Repayable in 27 quarterly instalments starting from 1 July 2013	A first exclusive mortgage and or a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Corporate Guarantee of MAS Financial Services Limited.
Term Loans from NHB - 6	168.64	304.25	Repayable in 51 quarterly instalments starting from 1 July 2014	A first exclusive mortgage and or a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Corporate Guarantee of MAS Financial Services Limited.
Term Loans from NHB - 7	284.55	-	Repayable in 60 quarterly instalments starting from 1 October 2019	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Gurantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loans from NHB - 8	177.50	-	Repayable in 60 quarterly instalments starting from 1 October 2019	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Gurantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loans from NHB - 9	400.00	-	Repayable in 60 quarterly instalments starting from 1 July 2020	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Gurantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Total term loans from NHB	**1,575.12**	**1,212.86**		
Term loans from others				
Term Loans from a Financial Institution - 1	2,202.89	3,352.23	Repayable in 36 monthly instalments starting from 15 March 2019	Exclusive charge by way of hypothecation of specific standard receivable of the Holding Company.
Term Loans from a Financial Institution - 2	-	2,000.00	Repayable in 12 quarterly instalments starting from 30 April 2019	Exclusive charge by way of hypothecation of specific standard receivable of the Holding Company.
Term Loans from a Financial Institution - 3	3,378.95	4,875.45	Repayable in 36 monthly instalments starting from 10 March 2019	Secured by hypothecation of specific book debts created out of the loan availed.
Term Loans from a Financial Institution - 4	2,146.17	4,094.36	Repayable in 10 quarterly instalments starting from 18 December 2018	Exclusive hypothecation charge over receivables/loan assets/ book debts of the Holding Company.
Term Loans from a Financial Institution - 5	-	181.82	Repayable in 11 quarterly instalments starting from 31 December 2016	Secured by exclusive first charge by way of hypothecation of specific book debts of the Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 6	200.00	1,000.00	Repayable in 10 quarterly instalments starting from 31 March 2018	Secured by exclusive first charge by way of hypothecation of specific book debts of the Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 7	2,500.00	4,500.00	Repayable in 10 quarterly instalments starting from 31 March 2019	Secured by exclusive first charge by way of hypothecation of specific book debts of the Holding Company created out of the loan availed.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loans from a Financial Institution - 8	3,333.33	5,000.00	Repayable in 36 monthly instalments starting from 30 April 2019	Secured by exclusive first charge by way of hypothecation of specific book debts of the Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 9	2,430.56	-	Repayable in 36 monthly instalments starting from 31 March 2020	Secured by exclusive first charge by way of hypothecation of specific book debts of the Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 10	2,500.00	-	Bullet Repayment on 17 August 2026	N.A.
Term Loans from a Financial Institution - 11	832.50	-	Repayable in 10 quarterly instalments starting from 10 March 2020	Exclusive first charge by way of hypothecation of book debts and receivables of secured loans provided by the Borrower.
Term Loans from a Financial Institution - 12	363.64	727.27	Repayable in 11 quarterly instalments starting from 30 September 2018	The Loan is secured by Exclusive first charge on the loan portfolio of the Borrower by way of hypothecation on the loan installments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 13	55.52	222.20	Repayable in 36 monthly instalments starting from 15 August 2017	Loan is secured by hypothecation of book debts created out of the loan availed.
Term Loans from a Financial Institution - 14	64.52	258.07	Repayable in 31 monthly instalments starting from 15 January 2018	Loan is secured by hypothecation of book debts created out of the loan availed.
Term Loans from a Financial Institution - 15	861.11	-	Repayable 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 installments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Total term loans from others	**20,869.18**	**26,211.40**		

NOTE 14. OTHER FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Interest accrued but not due on borrowings	1,261.73	432.64
Interest accrued but not due on others	3,331.05	3,081.85
Dues to the assignees towards collections from assigned receivables	26,205.65	17,925.91
Security deposits received from borrowers	49,916.12	51,044.56
Advances received against loan agreements	10,049.87	62.44
Unpaid dividend on equity shares	2.98	0.49
Dealer advances	108.05	142.90
Lease liability	191.43	-
Amount received under credit linked subsidy scheme (refer note no. 14.1)	-	584.99
Total other financial liabilities	**91,066.88**	**73,275.78**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 14.1 AMOUNT RECEIVED UNDER CREDIT LINKED SUBSIDY SCHEME

Note: The credit linked subsidy amount represents the amount received from NHB at the end of the previous year pending credit to customer accounts based on their eligibility.

NOTE 15. PROVISIONS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Compensated absences	1.57	17.19
Provision for Gratuity	45.65	-
Total provisions	**47.22**	**17.19**

NOTE 16. OTHER NON-FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Statutory remittances	465.16	487.90
Income received in advance	1,414.29	1,447.42
Total other non-financial liabilities	**1,879.45**	**1,935.32**

NOTE 17. EQUITY SHARE CAPITAL

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
Authorized shares:			
64,000,000	Equity Shares of ₹ 10 each (As at 31 March 2019: 64,000,000 Equity Shares of ₹ 10 each)	6,400.00	6,400.00
22,000,000	0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2019: 22,000,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
22,000,000	13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2019: 22,000,000 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 ₹ 100,000 each (As at 31 March 2019: 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:			
54,662,043	Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2019: 54,662,043 Equity Shares of ₹ 10 each)	5,466.20	5,466.20
		5,466.20	**5,466.20**

NOTE 17.1 RECONCILIATION OF THE NUMBER OF SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR:

(₹ In Lakhs)

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Equity Shares				
Outstanding at the beginning of the year	54,662,043	5,466.20	54,662,043	5,466.20
Issued during the year	-	-	-	-
Outstanding at the end of the year	**54,662,043**	**5,466.20**	**54,662,043**	**5,466.20**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 17.2 DETAILS OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES:

(₹ In Lakhs)

Class of shares / Name of shareholder	As at 31 March 2020		As at 31 March 2019	
	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	16,338,450	29.89%	16,338,450	29.89%
Mukesh C. Gandhi	16,155,814	29.56%	16,155,814	29.56%
Kamlesh C. Gandhi	6,281,583	11.49%	6,264,081	11.46%
Vistra ITCL I Limited Business Excellence Trust III India Business	4,005,737	7.33%	3,990,422	7.30%
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund	2,778,491	5.08%	-	0.00%

Note: 4,250 equity shares were purchased by Kamlesh C. Gandhi (2,250 shares on 30 March 2020 and 2,000 shares on 31 March 2020). However the said shares were not reflected under the BENPOS received from Registrar and Transfer Agent as the same were in transit. Therefore, the same have not been included under the shareholding pattern for the year ended on 31 March 2020.

NOTE 17.3 DETAILS OF BONUS SHARES ISSUED DURING THE FIVE YEARS IMMEDIATELY PRECEDING THE BALANCE SHEET DATE:

24,000,188 equity shares of ₹ 10 each fully paid-up were allotted as bonus shares by capitalisation of general reserve and balance from the statement of profit and loss during the year ended 31 March 2017.

NOTE 17.4 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.

NOTE 18. OTHER EQUITY (REFER NOTE 18.1)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Reserve under section 45-IC of Reserve Bank of India Act, 1934 (the "RBI Act, 1934")		
Outstanding at the beginning of the year	10,957.74	7,915.45
Additions during the year	3,564.26	3,042.29
Outstanding at the end of the year	**14,522.00**	**10,957.74**
Equity component of compound financial instruments- optionally convertible preference shares		
Outstanding at the beginning of the year	33.61	109.95
Add: Effect of changes in the Group's interest	-	0.11
Less: Dividend on 8% OCPS	(18.99)	-
Less: Dividend Distribution Tax on 8% OCPS	(3.90)	-
Less: Equity component of 8% OCPS converted into equity share capital	-	(76.45)
Outstanding at the end of the year	**10.72**	**33.61**
Capital reserve on consolidation		
Outstanding at the beginning of the year	-	12.72
Less: Effect of changes in the Group's interest	-	(12.72)
Outstanding at the end of the year	**-**	**-**
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	260.12	198.64
c. **Total**	**261.92**	**200.44**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Addition / appropriation / withdrawal during the year		
Add:		
a. Amount transferred u/s 29C of the NHB Act	-	-
b. Amount of special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	53.04	61.28
Less:		
a. Amount appropriated u/s 29C of NHB Act	-	-
b. Amount withdrawn from special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	-	-
Add: Effect of changes in the Group's interest		
a. Statutory reserve u/s 29C of NHB Act	-	-
b. Amount of special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	-	0.20
Closing balance		
a. Statutory reserve u/s 29C of NHB Act	1.80	1.80
b. Amount of special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	313.16	260.12
c. **Total**	**314.96**	**261.92**

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Securities premium		
Outstanding at the beginning of the year	42,695.48	42,699.41
Additions during the year	-	(3.95)
Add: Effect of changes in the Group's interest	-	0.02
Outstanding at the end of the year	42,695.48	42,695.48
Retained earnings		
Outstanding at the beginning of the year	27,578.60	17,755.10
Profit for the year	17,995.76	15,353.69
Effect of changes in the Group's interest	-	13.15
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	(24.06)	(8.19)
Transition impact of Ind AS 116	(12.45)	-
	45,537.85	**33,113.75**
Appropriations:		
Transfer to reserve under section 45-IC of the RBI Act,1934	(3,564.26)	(3,042.29)
Reserve u/s.29C of NHB Act and special reserve u/s 36(1)(viii) of Income-tax Act, 1961	(53.04)	(61.28)
Final dividend on equity shares	(1,967.83)	(1,180.70)
Final dividend on preference shares	-	(19.09)
Interim dividend on equity shares	(4,372.96)	(819.93)
Dividend Distribution Tax (“DDT”) on final equity dividend	(409.68)	(240.96)
DDT on preference dividend	-	(3.95)
DDT on interim equity dividend	(898.88)	(166.95)
Total appropriations	**(11,266.65)**	**(5,535.15)**
Retained earnings	**34,271.20**	**27,578.60**
Other comprehensive income		
Outstanding at the beginning of the year	4,561.24	3,759.61
Equity instruments through other comprehensive income	-	(1.10)
Loans and advances through other comprehensive Income	662.42	(993.76)

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Impairment on loans and advances through OCI	2,260.35	1,448.85
Income tax relating to items that will not be reclassified to profit or loss	-	0.38
Income tax relating to items that will be reclassified to profit or loss	(166.73)	347.26
Other comprehensive income for the year, net of tax	7,317.28	4,561.24
Total other equity	**99,131.64**	**86,088.59**

NOTE 18.1 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 terms of section 36(1) (viii) of the Income-tax Act, 1961 is considered an eligible transfer.

3 **Equity component of compound financial instruments - optionally convertible preference shares**

Equity component of compound financial instruments represents equity component of 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 **Surplus in the statement of profit and loss**

Surplus in the statement of profit and loss is the accumulated available profit of the Group carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

6 **FVOCI equity investments**

The Holding Company has elected to recognise changes in the fair value of investments in equity securities in OCI. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from these reserves to retained earnings when the relevant equity securities are derecognised.

7 **FVOCI - loans and advances**

The Group recognises changes in the fair value of loans 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.

8 **Remeasurement of the defined benefit liabilities**

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any

NOTE 18.2 EQUITY DIVIDEND PAID AND PROPOSED

(₹ In Lakhs)

	31 March 2020	31 March 2019
Declared and paid during the year		
Dividends on equity shares:		
Final dividend for 31 March 2019: ₹ 3.60 per share (31 March 2018: ₹ 2.16 per share)	1,967.83	1,180.70
Interim dividend for 31 March 2020: ₹ 8 per share (31 March 2019 : ₹ 1.5 per share)	4,372.96	819.93
Total dividends paid	**6,340.79**	**2,000.63**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	31 March 2020	31 March 2019
Proposed for approval at Annual General Meeting (not recognised as a liability)		
Dividend on equity shares:		
Final dividend for 31 March 2020: Nil per share (31 March 2019: ₹ 3.60 per share)	-	1,967.83
DDT on proposed dividend	-	404.49

NOTE 19. INTEREST INCOME

(₹ In Lakhs)

	Year ended 31 March 2020			Year ended 31 March 2019		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Interest on loans	52,826.26	3,651.91	56,478.17	44,425.83	3,140.16	47,565.99
Interest on deposits with banks	-	1,272.86	1,272.86	-	729.36	729.36
Other interest income	719.38	1,220.53	1,939.91	498.69	874.61	1,373.30
Total	**53,545.64**	**6,145.30**	**59,690.94**	**44,924.52**	**4,744.13**	**49,668.65**

NOTE 20. OTHER INCOME

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Net gain/(loss) on derecognition of property, plant and equipment	(0.82)	1.77
Income from non-financing activity	27.52	10.24
Interest income from NCD	8.26	-
Gain on derecognition of leased asset	0.95	-
Total	**35.91**	**12.01**

NOTE 21. FINANCE COST (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Interest on borrowings	22,769.06	16,356.95
Interest on debt securities	791.81	796.68
Other interest expense	4,908.68	4,404.83
Other borrowing cost	1,117.65	807.59
Lease liability interest obligation	24.00	-
Total	**29,611.20**	**22,366.05**

NOTE 22. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Loans		
- Expected credit loss (On financial instruments measured at FVOCI)	2,262.96	1,448.86
- Expected credit loss (On financial instruments measured at amortised cost)	185.61	16.14
- Write off (net of recoveries)	6,445.96	4,078.65
Total	**8,894.53**	**5,543.65**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 23. EMPLOYEE BENEFITS EXPENSE

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	5,528.99	4,940.30
Contribution to provident fund and other funds	222.53	168.38
Gratuity expense	43.67	41.63
Staff welfare expenses	73.81	54.32
Total	**5,869.00**	**5,204.63**

NOTE 24. DEPRECIATION AND AMORTISATION

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment	148.87	151.02
Amortisation of intangible assets	11.24	9.34
Right to use asset depreciation	124.94	-
Total	**285.05**	**160.36**

NOTE 25. OTHER EXPENSES

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Rent (Refer note no. 34)	144.47	227.16
Rates and taxes	14.22	17.50
Stationery and printing	98.19	85.52
Telephone	74.31	78.23
Electricity	78.99	74.34
Postage and courier	87.11	82.92
Insurance	95.61	125.84
Conveyance	160.24	220.43
Travelling	253.88	274.62
Repairs and maintenance:		
Building	39.72	28.04
Others	133.73	119.56
Professional fees	545.73	689.90
Payment to auditors (refer note below)	61.89	52.88
Director's sitting fees	10.25	6.79
Legal expenses	154.07	80.70
Bank charges	257.19	133.70
Advertisement expenses	211.83	171.89
Loss on sale of repossessed assets (net)	327.03	200.44
Sales promotion expenses	64.05	51.38
Donation	-	0.15
Recovery contract charges	80.61	103.28
Corporate social responsibility expenditure	53.91	25.87
Miscellaneous expenses	172.92	138.67
Total	**3,119.95**	**2,989.81**

Note: Payment to auditors (including taxes)		
As auditor		
Statutory audit	26.07	23.67
Limited review of quarterly results	29.70	25.55
Other services	2.92	2.49
Reimbursements of expenses	3.19	1.18
	61.88	**52.89**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 26. TAX EXPENSES

The components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Current tax	6,391.18	8,340.61
Adjustment in respect of current income tax of prior years	(95.99)	7.12
Deferred tax	(561.14)	(7.57)
Total tax charge	**5,734.05**	**8,340.16**
Current tax	6,295.19	8,347.73
Deferred tax	(561.14)	(7.57)

The Taxation Laws (Amendment) Ordinance, 2019 contained substantial amendments in the Income Tax Act, 1961 and the Finance (No. 2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Group has elected to apply the concessional tax rate. Accordingly, the Group has recognised the provision for income tax and re-measured the net deferred tax liabilities / assets at the concessional tax rate during the year ended 31 March 2020. Further, the opening net deferred tax liabilities and net deferred tax assets in the books of the Group had been re-measured at lower rate with a one-time impact of ₹ 240.70 Lakhs and ₹ 6.61 Lakhs respectively recognised in the consolidated financial statement for the year ended 31 March 2020.

NOTE 26.1 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 2020 and 31 March 2019 is, as follows:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Accounting profit before tax	23,860.19	23,800.81
Applicable tax rate	25.183%	34.841%
Computed tax expense	**6,008.67**	**8,292.37**
Tax effect of :		
Exempted income	(2.68)	(9.71)
Additional deduction	(12.23)	(28.44)
Non deductible items	82.61	80.22
Adjustment on account of change in tax rate	(234.09)	-
Adjustment in respect of current income tax of prior years	(95.99)	7.12
Others	(12.24)	(1.40)
Tax expenses recognised in the statement of profit and loss	**5,734.05**	**8,340.16**
Effective tax rate	24.032%	35.041%

NOTE 26.2 DEFERRED TAX

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Deferred tax asset / liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	(791.14)	(1,150.60)
Credit / (charge) to other equity	4.68	-
Credit / (charge) for loans and advances through OCI	(167.47)	347.26
Credit / (charge) for equity instruments through OCI	-	0.38
Credit / (charge) for remeasurement of the defined benefit liabilities	8.51	4.25
Credit / (charge) to the statement of profit and loss	561.14	7.57
At the end of year DTA / (DTL)	**(384.28)**	**(791.14)**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (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 2019	Statement of profit and loss	OCI	Other Equity	As at 31 March 2020
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	(42.04)	6.88	-	-	(35.16)
Deferred tax on fair value of investments	(2.38)	2.38	-	-	-
Impact of fair value of assets	60.49	(16.87)	(167.47)	-	(123.85)
Income taxable on realised basis	(2,093.32)	284.91	-	-	(1,808.41)
Deferred tax on prepaid finance charges	(11.66)	17.02	-	-	5.36
Impairment on financial assets	1,292.72	261.14	-	-	1,553.86
Recognition of lease asset and right to use asset	-	2.52	-	4.68	7.20
Expenses allowable on payment basis	5.05	3.16	8.51	-	16.72
Total	**(791.14)**	**561.14**	**(158.96)**	**4.68**	**(384.28)**

(₹ In Lakhs)

	As at 31 March 2018	Statement of profit and loss	OCI	Other Equity	As at 31 March 2019
Component of deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to:					
Difference between written down value of fixed assets as per books of accounts and income tax	(39.73)	(2.31)	-	-	(42.04)
Deferred tax on fair value of investments	(5.45)	2.69	0.38	-	(2.38)
Impact of fair value of assets	(286.77)	-	347.26	-	60.49
Income taxable on realised basis	(1,677.59)	(415.73)	-	-	(2,093.32)
Deferred tax on prepaid finance charges	(25.43)	13.77	-	-	(11.66)
Impairment on financial assets	779.98	512.74	-	-	1,292.72
Expenses allowable on payment basis	104.39	(103.59)	4.25	-	5.05
Total	**(1,150.60)**	**7.57**	**351.89**	**-**	**(791.14)**

NOTE 26.3 CURRENT TAX LIABILITIES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Provision for tax [net of advance tax of Nil (31 March 2019 ₹ 6,727.56 Lakhs)]	-	1,621.96

NOTE 26.4 INCOME TAX ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Income tax assets [net of provision for tax of ₹ 27,388.59 Lakhs (31 March 2019 ₹ 12,771.00 Lakhs)]	223.22	95.16

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 27. EARNINGS PER SHARE

(₹ In Lakhs)

		Year ended 31 March 2020	Year ended 31 March 2019
(A)	**Basic earnings per share**		
	Net profit for the year attributable to the owners of the Holding Company (basic) (numerator)	17,995.76	15,460.65
	Computation of weighted average number of shares (denominator)	Nos.	Nos.
	Weighted average number of equity shares of ₹ 10 each used for calculation of basic earnings per share	54,662,043	54,662,043
	Basic earnings per share of face value of ₹ 10 each (in ₹)	32.92	28.28
(B)	**Diluted earnings per share**		
	Net profit for the year attributable to the owners of the Holding Company (diluted) (numerator)	17,995.76	15,460.65
	Computation of weighted average number of shares (denominator)	Nos.	Nos.
	Weighted average number of equity shares as above	54,662,043	54,662,043
	Diluted earnings per share of face value of ₹ 10 each (in ₹)	32.92	28.28

NOTE 28. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ In Lakhs)

			As at 31 March 2020	As at 31 March 2019
(A)	**Commitments**			
	I)	Estimated amount of contracts remaining to be executed on capital account and not provided for:		
		Property, plant and equipment	-	20.08
	II)	Loan commitments for sanctioned but not disbursed amount	798.84	4,857.95

NOTE 29. CORPORATE SOCIAL RESPONSIBILITY (“CSR”) EXPENSES:

The gross amount required to be spent by the Holding Company during the year towards CSR is ₹ 330.04 Lakhs (31 March 2019: ₹ 228.52 Lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below:

			In cash	Yet to be paid in cash	Total
(i)	Construction / acquisition of any assets	**(Year ended 31 March 2020)**	-	-	-
		(Year ended 31 March 2019)	-	-	-
(ii)	On purposes other than (i) above	**(Year ended 31 March 2020)**	**53.91**		**53.91**
		(Year ended 31 March 2019)	25.87	-	25.87

NOTE 30. 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’.

NOTE 31. 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 (where there are transactions)	Mr. Kamlesh C. Gandhi (Chairman and managing director)
		Mr. Mukesh C. Gandhi (Whole time director and chief financial officer)
		Mrs. Darshana S. Pandya (Director and chief executive officer)
		Mr. Bala Bhaskaran (Independent director)
		Mr. Umesh Shah (Independent director)
		Mr. Chetanbhai Shah (Independent director)
		Mrs. Daksha Shah (Independent director)

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

Sr. No.	Nature of relationship	
2	Other related parties (where there are transactions)	Prarthna Marketing Private Limited
		Anamaya Capital LLP
		Mrs. Shweta K. Gandhi
		Mr. Dhvanil K. Gandhi
		Mr. Saumil D. Pandya

Transactions with related parties are as follows:

(₹ In Lakhs)

	Year ended 31 March 2020		
	Key management personnel	Other related parties	Total
Remuneration (including bonus)	1,723.80	68.28	1,792.08
Dividend paid	2,605.89	2,060.87	4,666.76
Sitting fees	9.20	-	9.20

(₹ In Lakhs)

	Year ended 31 March 2019		
	Key management personnel	Other related parties	Total
Remuneration (including bonus)	1,470.65	55.09	1,525.74
Dividend paid	846.34	655.41	1,501.75
Sitting fees	6.45	-	6.45

Balances outstanding from related parties are as follows:

(₹ In Lakhs)

	As at 31 March 2020		
	Key management personnel	Other related parties	Total
Loans and advances given	19.79	-	19.79
Bonus payable	96.38	1.80	98.18

(₹ In Lakhs)

	As at 31 March 2019		
	Key management personnel	Other related parties	Total
Loans and advances given	21.92	-	21.92
Bonus payable	159.57	1.57	161.14

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 2020	Year ended 31 March 2019
Post-employment benefits	2.48	27.71
Other long term employment benefits	-	14.04
	2.48	**41.75**

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

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

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

Sr. No.	Name	As at 31 March 2020	Maximum balance out-standing during the year ended 31 March 2020	As at 31 March 2019	Maximum balance out-standing during the year ended 31 March 2019
1	Paras Capfin Company Private Limited	-	-	-	857.75
2	M Power Micro Finance Private Limited	1,300.00	1,300.00	500.00	3,350.97

* The director interested in Paras Capfin Company Private Limited redeemed his holding on 11 May 2018 and hence, the disclosures made are of amount outstanding as on 11 May 2018 and maximum balance outstanding up to that date.

NOTE 32. Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act for the Holding Company has been given below:

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Principal amount payable to suppliers as at year-end	-	-
Interest due thereon as at year end	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates Amount of delayed payment actually made to suppliers during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

NOTE 33. 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 2020 and 31 March 2019. The column 'net amount' shows the impact of Group's balance sheet if all the set-off rights were exercised.

(₹ In Lakhs)

	Effect of offsetting on the balance sheet			Related amount not offset		
	Gross amounts	Gross amount off set in balance sheet (refer note 1)	Net amount presented in balance sheet	Advances received against loan agreements (refer note 1)	Financial instrument collateral (refer note 2 and 3)	Net amount
31 March 2020						
Loans and advances	362,643.95	3,421.35	359,222.60	10,049.88	50,032.17	299,140.55
31 March 2019						
Loans and advances	350,031.77	1,764.03	348,267.74	62.44	51,242.11	296,963.19

Note:

1 ₹ 13,471.23 Lakhs (31 March 2019: ₹ 1,826.47 Lakhs) represents advances received against loan agreements.

2 ₹ 49,916.12 Lakhs (31 March 2019: ₹ 51044.56 Lakhs) represents security deposits received from borrowers.

3 ₹ 116.05 Lakhs (31 March 2019: ₹ 197.55 Lakhs) represents deposits given as security against borrowings.

NOTE 34. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has applied the following standards and amendments for the first time for annual reporting period commencing from 1 April 2019.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 34.1 IND AS 116 : LEASES

Nature of the effect of adoption of Ind AS 116

The Group has lease contracts for office / branch premises. Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The operating lease commitments as of 31 March 2019 reconciled with lease liabilities as at 1 April 2019 as follows:

Future operating lease commitments as at 31 March 2019	343.87
Weighted average incremental borrowing rate as at 1 April 2019	9 - 10%
Discounted operating lease commitments at 1 April 2019	286.29
Change in estimate of lease term	-
Lease liabilities as at 1 April 2019	**286.29**

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

The effect of adoption Ind AS 116 as at 1 April 2019 [increase/(decrease)] is as follows:

Assets	
Right of use assets	295.87
Deferred tax asset (net)	4.67
Total Assets	**300.54**
Liabilities	
Financial liabilities - lease liabilities	314.44
Other equity	(13.90)
Total liabilities	**300.54**

Amounts recognised in the balance sheet and statement of profit and loss

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

(₹ In Lakhs)

	Right to use of assets	Lease liabilities
	Buildings	
As at 1 April 2019		
Recognition on initial application of Ind AS 116	295.87	314.44
Depreciation and amortisation expenses	(123.45)	-
Interest expenses	-	24.00
(Deductions) / adjustment	(4.77)	(4.22)
Payments	-	(142.79)
As at 31 March 2020	**167.65**	**191.43**

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Set out below, are the amounts recognised in statement of profit or loss:

Post-amendment in Ind AS 116	
Depreciation expense of right-of-use assets	124.94
Interest expense on lease liabilities	24.00
Rent expense - short-term leases and leases of low value assets	144.47
Gain on derecognition of leased asset	(0.95)
Total amounts recognised in profit or loss	**292.46**
Pre-amendment in Ind AS 116	
Rent expense	301.65
Total amount that would have been recognised in profit or loss	**301.65**

NOTE 35. 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 2020

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	94.40%	100,624.84	97.86%	17,738.41	99.51%	470.24	97.90%	18,208.65
Subsidiary								
MAS Rural Housing & Mortgage Finance Limited	3.73%	3,973.00	1.42%	257.35	0.29%	1.39	1.39%	258.74
Non-controlling interest	1.87%	1,989.15	0.72%	130.38	0.20%	0.94	0.71%	131.32
Total	**100.00%**	**106,586.99**	**100.00%**	**18,126.14**	**100.00%**	**472.57**	**100.00%**	**18,598.71**

As at 31 March 2019

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	95.01%	88,770.90	98.18%	15,179.67	100.34%	(656.74)	98.09%	14,522.93
Subsidiary								
MAS Rural Housing & Mortgage Finance Limited	2.98%	2,783.89	1.13%	174.02	-0.20%	1.32	1.18%	175.34
Non-controlling interest	2.01%	1,877.32	0.69%	106.96	-0.14%	0.90	0.73%	107.86
Total	**100.00%**	**93,432.11**	**100.00%**	**15,460.65**	**100.00%**	**(654.52)**	**100.00%**	**14,806.13**

NOTE 36. 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 2020			As at 31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	104,554.26	-	104,554.26	39,699.95	-	39,699.95
Bank balance other than above	164.49	28.11	192.60	1,280.68	-	1,280.68
Loans	162,659.49	196,563.11	359,222.60	183,747.07	164,520.67	348,267.74
Investments	500.00	-	500.00	-	-	-

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Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020			As at 31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Other financial assets	9,039.09	33.31	9,072.40	3,496.38	81.20	3,577.58
Non-financial assets						
Income tax assets (net)	223.22	-	223.22	95.16	-	95.16
Deferred tax Assets (net)	-	60.13	60.13	69.41	-	69.41
Property, plant and equipment	-	1,282.91	1,282.91	-	1,239.67	1,239.67
Capital work-in-progress	-	4,821.34	4,821.34	-	4,564.43	4,564.43
Right-of-use asset	101.67	65.98	167.65	-	-	-
Other Intangible assets	-	11.80	11.80	-	12.01	12.01
Other non-financial assets	317.82	-	317.82	205.85	39.41	245.26
Total assets	**277,560.04**	**202,866.69**	**480,426.73**	**228,594.50**	**170,457.39**	**399,051.89**
LIABILITIES						
Financial liabilities						
Trade payables						
Total outstanding dues of creditors other than micro enterprises and small enterprises	812.78	-	812.78	600.10	-	600.10
Debt securities	-	5,989.18	5,989.18	-	5,981.78	5,981.78
Borrowings (other than debt securities)	182,444.45	91,155.37	273,599.82	158,705.72	62,621.38	221,327.10
Other financial liabilities	60,735.35	30,331.53	91,066.88	34,601.69	38,674.09	73,275.78
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	1,621.96	-	1,621.96
Provisions	1.57	45.65	47.22	17.19	-	17.19
Deferred tax liabilities (net)	-	444.41	444.41	-	860.55	860.55
Other non-financial liabilities	1,261.35	618.10	1,879.45	803.13	1,132.19	1,935.32
Total liability	**245,255.50**	**128,584.24**	**373,839.74**	**196,349.79**	**109,269.99**	**305,619.78**
Net	**32,304.54**	**74,282.45**	**106,586.99**	**32,244.71**	**61,187.40**	**93,432.11**

NOTE 37. 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 ₹ 177.51 Lakhs (31 March 2019: ₹ 99.92 Lakhs) and employee state insurance scheme aggregating ₹ 27.72 Lakhs (31 March 2019: ₹ 43.72 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.

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Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The status of gratuity plan as required under Ind AS-19 is as under:

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
i.	**Reconciliation of opening and closing balances of defined benefit obligation**		
	Present value of defined benefit obligations at the beginning of the year	228.27	167.77
	Current service cost	47.07	45.68
	Interest cost	17.11	12.70
	Benefit paid	(5.20)	(5.11)
	Re-measurement (or Actuarial) (gain) / loss arising from:		
	Change in demographic assumptions	0.93	-
	Change in financial assumptions	30.20	3.08
	Experience variance (i.e. Actual experience vs assumptions)	(2.41)	4.15
	Present value of defined benefit obligations at the end of the year	**315.97**	**228.27**
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	249.37	205.72
	Interest income	20.51	17.38
	Return on plan assets excluding amounts included in interest income	(5.10)	(4.31)
	Contributions by employer	12.01	35.69
	Benefits paid	(5.20)	(5.11)
	Fair value of plan assets at the end of the year	**271.59**	**249.37**
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	315.97	228.27
	Fair value of plan assets at the end of the year	271.59	249.37
	Net asset / (liability) recognized in balance sheet as at the end of the year	**(44.38)**	**21.10**

iv. Composition of plan assets

100% of plan assets are administered by LIC. Further, exposure of the investment made by LIC in respective securities are as follows:

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
State government security	56.02	49.70
NCD / Bonds	20.94	22.71
Central Government security	19.35	18.75
CBLO, bank balance, etc.	-	4.92
Equity	3.67	3.92
Other approved security	0.01	-
Total	**100.00**	**100.00**

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

		Year ended 31 March 2020	Year ended 31 March 2019
v.	**Expense recognised during the Year**		
	Current service cost	47.07	45.68
	Interest cost	(3.40)	(4.67)
	Past service cost	-	0.63
	Expenses recognised in the statement of profit and loss	**43.67**	**41.64**
vi.	**Other comprehensive income**		
	Components of actuarial gain/losses on obligations:		
	Due to change in financial assumptions	30.20	3.08
	Due to change in demographic assumption	0.93	-
	Due to experience adjustments	(2.41)	4.15
	Return on plan assets excluding amounts included in interest income	5.10	4.31
	Components of defined benefit costs recognised in other comprehensive income	**33.82**	**11.54**

(₹ In Lakhs)

		As at 31 March 2020	As at 31 March 2019
vii.	**Principal actuarial assumptions**		
	Discount rate (per annum)	6.85%	7.60%
	Rate of return on plan assets (p.a.)	6.85%	7.60%
	Annual increase in salary cost	8.00%	8.00%
	Withdrawal rates per annum		
	25 and below	5.00%	3.00%
	26 to 35	4.50%	2.50%
	36 to 45	3.50%	2.00%
	46 to 55	2.50%	1.50%
	56 and above	2.00%	1.00%

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

viii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting year, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Defined benefit obligation (Base)	315.96	228.26

(₹ In Lakhs)

	Year ended 31 March 2020		Year ended 31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	336.70	296.99	244.55	213.41
(% change compared to base due to sensitivity	6.56%	-6.00%	7.14%	-6.51%
Salary Growth Rate (- / + 0.5%)	300.46	332.27	216.34	241.38
(% change compared to base due to sensitivity)	-4.91%	5.16%	-5.22%	5.75%
Withdrawal Rate (W.R.) (W.R. x 90% / W.R. x 110%)	316.68	315.23	228.08	228.37
(% change compared to base due to sensitivity)	0.23%	-0.23%	-0.08%	0.05%

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

ix. Asset liability matching strategies

The Group contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

x. Effect of plan on the entity's future cash flows

a) Funding arrangements and funding policy

The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group.

b) Maturity profile of defined benefit obligation

The average outstanding term of the obligations (years) as at valuation date is 12.85 to 14.40 years.

(₹ In Lakhs)

	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1st following year	10.67	1.80%
2nd following year	11.15	3.40%
3rd following year	28.33	4.30%
4th following year	13.36	4.00%
5th following year	12.52	2.60%
Sum of years 6 to 10	86.94	16.10%

The future accrual is not considered in arriving at the above cash-flows.

The expected contribution for the next year is ₹ 54.67 Lakhs.

(c) Other long term employee benefits

The liability for compensated absences as at the year ended 31 March 2020 is ₹ 1.57 Lakhs and as at year ended 31 March 2019 is ₹ 17.19 Lakhs.

NOTE 38. FINANCIAL INSTRUMENT AND FAIR VALUE MEASUREMENT

A. Accounting classifications and fair values

The carrying amount and fair value of financial instruments including their levels in the fair value hierarchy presented below:

(₹ In Lakhs)

As at 31 March 2020	Carrying amount			Fair value			Total
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	
Financial assets measured at fair value							
Loans	23,786.34	335,436.26	-	-	-	359,450.61	359,450.61
	23,786.34	**335,436.26**	**-**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	104,554.26	-	-				
Bank balance other than cash and cash equivalents	192.60	-	-				
Investment in debt securities	500.00	-	-				
Security deposits	82.80	-	-	-	-	78.35	78.35
Interest accrued but not due on loans and advances	8,953.28	-	-				
Interest accrued but not due on bank deposits	31.31	-	-				
Interest accrued but not due on investments	2.77	-	-				
Other financials asset	2.24	-	-				
	114,319.26	**-**	**-**				

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Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

As at 31 March 2020	Carrying amount			Fair value			Total
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	
Financial liabilities not measured at fair value[1]							
Trade payables	812.78	-	-				
Debt securities	5,989.18	-	-	-	-	6,248.02	6,248.02
Borrowings (other than debt securities)	273,599.82	-	-	-	-	275,090.95	275,090.95
Other financial liabilities	91,066.88	-	-				
	371,468.66	**-**	**-**				

(₹ In Lakhs)

As at 31 March 2019	Carrying amount			Fair value			Total
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	
Financial assets measured at fair value							
Loans	26,414.05	321,853.69	-	-	-	321,853.69	321,853.69
	26,414.05	**321,853.69**	**-**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	39,699.95	-	-				
Bank balance other than cash and cash equivalents	1,280.68	-	-				
Security deposits	68.79	-	-	-	-	61.34	61.34
Interest accrued but not due on loans and advances	3,460.20	-	-				
Interest accrued but not due on bank deposits	48.59	-	-				
	44,558.21	**-**	**-**				
Financial liabilities not measured at fair value[1]							
Trade payables	600.10	-	-				
Debt securities	5,981.78	-	-	-	-	6,027.90	6,027.90
Borrowings (other than debt securities)	221,327.10	-	-	-	-	221,753.37	221,753.37
Other financial liabilities	73,275.78	-	-				
	301,184.76	**-**	**-**				

[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 2020	Year ended 31 March 2019
i)	**Loans**		
	Balance at the beginning of the year	321,853.69	254,628.00
	Gain included in OCI		
	- Net change in fair value (unrealised)	665.35	(993.77)
	Addition during the year	238,188.13	267,246.57
	Amount derecognised / repaid during the year	(217,997.14)	(193,806.13)
	Amount written off	(7,273.77)	(5,220.98)
	Balance at the end of the year	335,436.26	321,853.69

Notes

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Sensitivity analysis

(₹ In Lakhs)

	OCI, net of tax	
	Increase	Decrease
31 March 2020		
Loans		
Interest rates (1% movement)	(212.94)	228.22
31 March 2019		
Loans		
Interest rates (1% movement)	(145.15)	145.33

B. 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 I and II

There has been no transfer in between level I and level II.

iii) Valuation techniques

Loans

The Holding Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year which is an unobservable input and therefore these has been considered to be fair valued using level 3 inputs.

Security deposits

The Group has fair valued the security deposit using normal market rate of interest as on relevant date using cash flow method approach.

Debt securities and borrowings

The Holding Company has computed fair value for debt securities and borrowings using normal market rate of interest as on relevant date using discounted cash flow model.

NOTE 39. 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.

NOTE 39.1 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.

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The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

NOTE 40. 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.

NOTE 40.1 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.

(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 risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Group's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ In Lakhs)

	Carrying Amount	
	As at 31 March 2020	As at 31 March 2019
Retail assets	155,673.75	166,271.96
Loans to NBFC	200,278.56	175,713.48
Construction finance	3,580.84	6,407.23
Total	**359,533.15**	**348,392.67**

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 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

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Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, the Group assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. The Group has staged the assets based on the days past due criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-60 Days	Stage 2	Lifetime Provision
61-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision

(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. TW loan

b. SME loans

c. SRTO loan

d. MSME loan

e. Retail asset channel loans

f. Housing & non-housing loans

g. 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. Marginal probability of default (“MPD”)

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.

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from internal data calibrated with forward looking macroeconomic factors.

For computation of probability of default (“PD”), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Group has worked out on PD based on the last five years historical data.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

Marginal probability:

The PDs derived from the vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: upside (11%), downside (21%) and base (68%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

LGD:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Group has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.
2) The computation consists of five components, which are:
   a) Outstanding balance (POS)
   b) Recovery amount (discounted yearly) by 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-III Framework (International Regulatory Framework of Banks) for all the level of credit rating portfolio.

EAD:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. The Group has modelled EAD based on the contractual and behavioural cash flows till the lifetime of the loans considering the expected prepayments.

The Group has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. 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.

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Forming Part of the Consolidated Financial Statements as at 31 March 2020 (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 2020	As at 31 March 2019
Stage 1	0.65%	0.35%
Stage 2	20.22%	10.81%
Stage 3	30.33%	20.70%
Amount of expected credit loss provided for	**6,173.43**	**3,724.86**

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Group's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

(iv) Impact assessment on account of COVID-19

The current COVID -19 impact on economic growth of the country is difficult to predict and the extent of negative impact will mainly depend on the future developments in containment of COVID-19, which is highly uncertain. Existing ECL model of the Group was primarily based on historical experiences of the economic conditions, customer behaviour and related factors. Hence, the increased uncertainty about potential future economic scenarios and their impact on credit losses has necessitated to consider additional scenarios while measuring ECLs.

The Group has, based on current available information estimated and applied management overlays based on the policy approved by the Board of Directors of the respective companies for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Group's management has considered internal and external information including credit reports and economic forecasts. Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates ₹ 6,173.44 Lakhs (as at 31 March 2019, ₹ 3,724.86 Lakhs) which includes potential impact on account of the pandemic of ₹ 2,235.41 Lakhs. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate.

The extent to which the COVID-19 pandemic will impact the Group's financial statements will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Group. Given the uncertainty over the potential macro- economic condition, the impact of COVID-19 pandemic may be different from that estimated as at the date of approval of these consolidated financial statements and the Group will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period.

(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 rated AA- to AA+, based on external credit rating agencies.

NOTE 40.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Group is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Group manages its liquidity by unutilised cash credit facility, term loans and direct assignment.

The composition of the Group's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Holding Company, as on 31 March 2020 is 31.97% against regulatory norms of 15%. Tier I capital is 29.88% as against requirement of 10%. Tier II capital is 2.09% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

Capital adequacy ratio of the subsidiary company, as on 31 March 2020 is 40.69% against regulatory norms of 12%. Tier I capital is 32.57%. Tier II capital is 8.12% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

The total cash credit limit available to the Group is ₹ 181,200.00 Lakhs spread across 20 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

Majority of the Group's portfolio is MSME loans which qualifies as Priority Sector Lending. Over the years, the Holding Company has maintained around 35% to 40% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Holding Company. This further strengthens the liability management.

The table below summarises the maturity profile of the 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 2020									
Debt securities	-	-	129.64	131.07	529.29	6,753.92	-	-	7,543.92
Borrowings	3,568.55	5,770.93	8,458.39	17,077.47	159,036.12	78,362.51	17,927.21	4,151.61	294,352.79
Trade payable	414.11	-	20.70	152.54	225.43	-	-	-	812.78
Lease Liability	12.51	11.20	10.47	30.41	56.47	76.56	7.12	-	204.74
Other financial liabilities	31,096.37	844.81	2,109.92	7,251.50	19,321.25	26,644.90	2,992.95	613.75	90,875.45
As at 31 March 2019									
Debt securities	-	-	129.64	131.07	531.10	2,771.78	4,764.74	-	8,328.33
Borrowings	3,129.10	2,474.51	127,099.23	10,741.32	22,678.57	61,322.59	4,498.47	1,415.24	233,359.03
Trade payable	600.10	-	-	-	-	-	-	-	600.10
Other financial liabilities	20,956.70	599.65	1,690.23	5,617.04	5,738.07	33,393.75	4,756.70	523.64	73,275.78

NOTE 40.3 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. Whenever there is a change in borrowing interest rate for the Group, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The sensitivity analysis have been carried out based on the exposure to interest rates for lending and borrowings carried at variable rate.

(₹ In Lakhs)

	Year ended 31 March 2020	
Change in interest rates	50 bp increase	50 bp decrease
Variable rate lending	223,035.10	223,035.10
Impact on profit for the year	1,107.95	(1,107.95)
Variable rate borrowings	258,319.63	258,319.63
Impact on profit for the year	(3,279.70)	3,279.70

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

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.

NOTE 41. 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 2020	Year ended 31 March 2019
Type of income		
Services charges	1,165.02	873.63
Others	437.05	504.17
Total revenue from contracts with customers	**1,602.07**	**1,377.80**
Geographical markets		
India	1,602.07	1,377.79
Outside India	-	-
Total revenue from contracts with customers	**1,602.07**	**1,377.79**
Timing of revenue recognition		
Services transferred at a point in time	1,602.07	1,377.79
Services transferred over time	-	-
Total revenue from contracts with customers	**1,602.07**	**1,377.79**

NOTE 42. 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.

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. RBI vide its notification bearing no. RBI/2019-20/244DOR.No.BP. BC.71/21.04.048/2019-20 COVID-19 Regulatory Package dated 23 May 2020 have permitted to grant further moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between 1 June 2020 and 31 August 2020 to its borrowers. The same is considered as non-adjusting event.

NOTE 43. 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 B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

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

Sameer Mota
Partner
Membership No: 109928

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)

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

Mumbai
3 June 2020

Ahmedabad
3 June 2020

25th Year of Endeavours

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