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

MAS FINANCIAL SERVICES LIMITED

MFSL/SEC/EQ/2021/45

July 29, 2021

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

Scrip Code:**540749, 947381**

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

Dear Sir,

Sub: Annual Report of MAS Financial Services Limited for the financial year 2020-21.

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

In compliance with above Circulars issued by MCA and SEBI, the Annual Report of the Company for the FY 2020-21 is being sent to all the members of the Company whose email addresses are registered with the Company or Depository Participant(s).

The Annual Report for the FY 2020-21 is also being made available on the website of the Company at: https://www.mas.co.in/

Following are important dates in this regards:

Sr. No.	Particulars	Date
1.	Book Closure	Thursday, August 19, 2021 to Wednesday, August 25, 2021 (both days inclusive)
2.	Cut-off Date for E-Voting & Final Dividend	Wednesday, August 18, 2021
3.	E-Voting	Commences at 09:00 A.M. on Saturday, August 21, 2021 and ends at 05:00 P.M. on Tuesday, August 24, 2021
4.	Date of AGM	Wednesday, August 25, 2021 at 11:30 A.M.

Kindly take the same on your record.

Thanking you,
Yours faithfully,

FOR, MAS FINANCIAL SERVICES LIMITED

Riddhi

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

EXCELLENCE THROUGH ENDEAVOURS

MAS

FINANCIAL SERVICES LTD.

The Power of Distribution

26TH ANNUAL REPORT

2020-21

What's Inside

Corporate Overview 01-14

Statutory Reports 15-88

Financial Statements 90-243

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

WHEN FACED WITH THE CURRENT CHALLENGES, WE BELIEVE "THIS TOO SHALL PASS."

DURING THESE DIFFICULT TIMES THAT TEST THE METTLE OF MEN AND ENTERPRISES, WE HAVE FALLEN BACK ON OUR CORE MISSION AND VALUES TO SEE US THROUGH.

WE RECALLED OUR VISION THAT "WE HAVE MILES TO GO & PROMISES TO KEEP..."AND "TOGETHER WE CAN AND WE WILL."

When times got tough, we summoned the strength of our experience over the past 25 years.

We moved forward with

RESILIENCE.

Revisited our strategy to

REFOCUS.

Revived our spirit and

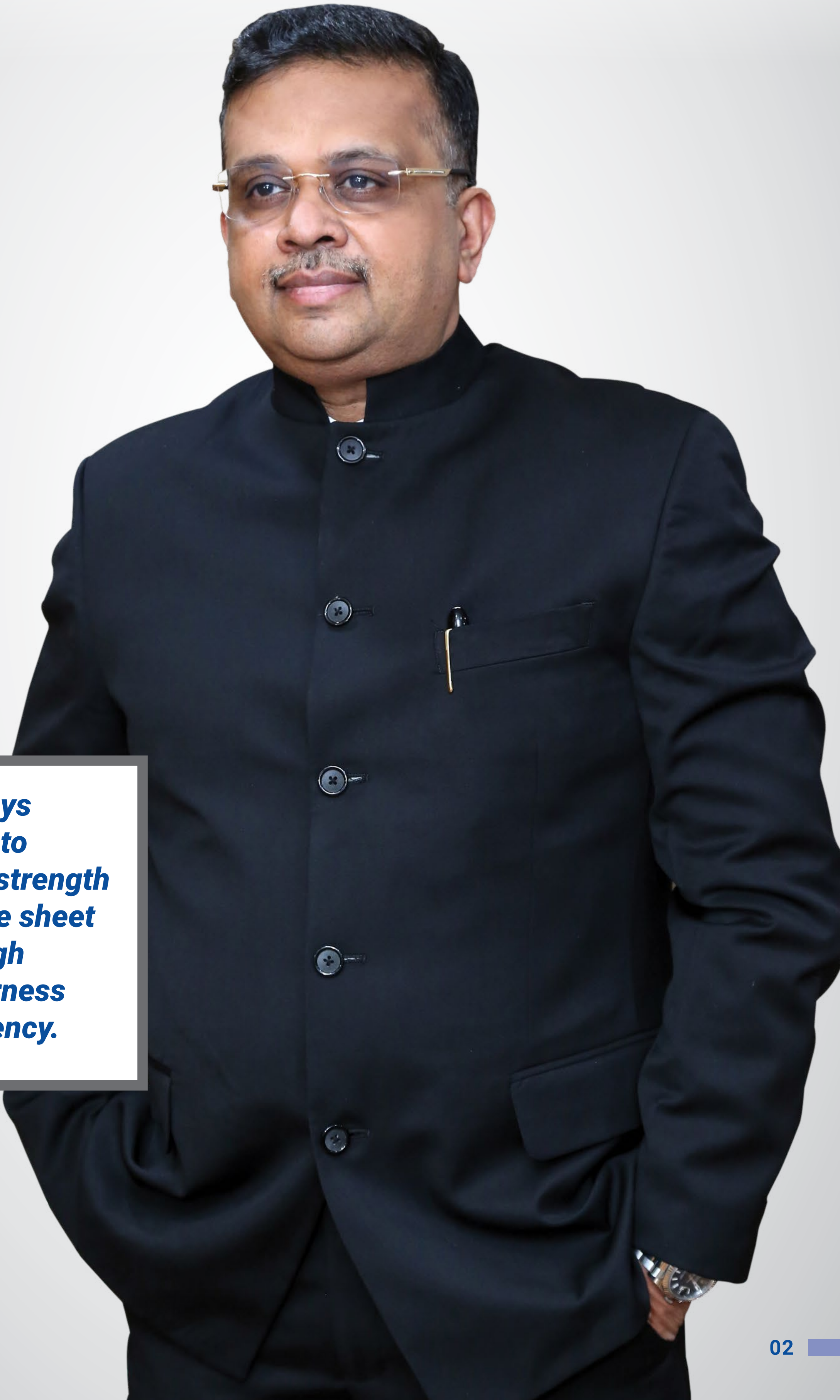
REENERGISED.

With these attributes, we keep moving ahead with our eyes seeking out our next milestone...

...on our journey 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.

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

Founder and CMD's Message



We have always endeavoured to maintain the strength of our balance sheet along with high degree of fairness and transparency.

Dear Shareholders,

I would like to start with by paying my utmost heartfelt homage on behalf of team MAS and the family to our departed co-founder and my companion of 54 long years Shri Mukesh Gandhi who departed for his heavenly abode on 19th January 2021.

We have all seen very turbulent and challenging times last year. I personally believe that rather than focussing on the problems, it is always prudent to focus on possibilities. I would like to share with you how we stayed resilient, refocussed on the possibilities instead of the problems and reenergised ourselves to face the challenges head-on and overcome them.

Rather than pursuing comparative figures of growth and profitability, we worked on staying financially robust. As always, we endeavoured to maintain the strength of the balance sheet along with a high degree of fairness and transparency. This resulted in adopting a cautious approach, even while following prescribed practices. While our AUM contracted by almost 10% for the year ending 31st March 2021, our portfolio quality remained stable with Gross Stage 3 Assets and Net Stage 3 Assets at 1.94% and 1.52%, respectively. The Company's capital adequacy remained strong at 26.85% with Tier I capital at 24.81%, resulting to debt-equity ratio of 3.12 times, giving us an ample opportunity to pursue our growth plans going forward.

With respect to our liabilities, we maintained an ideal debt resource mix, ensuring a continuous flow of funds while maintaining optimum utilisation of capital. The assets created by the Company are expected to generate good assignment demand, thereby enabling us to de-risk and maintain the off-book portfolio. We established a new relationship with the premier government lending institute, NABARD, and could also float new debt instruments like MLDs (Market Linked Debentures).

Throughout the year gone by we have been constantly assessing the evolving situation, in order to make necessary amendments in our credit policy. In line with our dictum of extending credit where it is due and adopting a cautious approach, our disbursements were ₹ 32,535.25 Mn. for the year ending 31st March 2021. Even our collection efficiency, which stood at around 95% for the last quarter of the financial year, was very close to pre-COVID levels.

Where our ALM is concerned, based on our assessment of structural liquidity for the period ended 31st March 2021, there is no negative impact on the liquidity. Further, our cash flows in all the cumulative buckets remain positive. With efforts directed towards efficient liability management and due to a reduction in MCLR by the banks, we were able to reduce our cost of borrowing.

Although the first few quarters were difficult, we were happy to see that the economy coming back to normal, and that was reflected in our working too. Our experience of over 25 years has taught us that difficult phases shall pass too and when the economy returns to normal, companies with strong fundamentals have the opportunity to grow their balance sheet size once again. We are confident that once things return to normal, we will get back onto our growth trajectory on the strength of our capital adequacy, our commitment to our endeavours and the vast size of the markets that we cater to.

Where our housing finance performance is concerned, our AUM stood stable at around ₹ 2,849 Mn. while our net NPA remained minimal at 0.26%. We registered a higher profitability in housing finance due to lesser provisioning on account of the secure nature of housing loans. I feel confident that this vertical is going to contribute meaningfully over the next three to five years due to the systems we have established in our operations. These, alongside our strong capital adequacy and capital commitment from the parent company and promoters, will facilitate us in managing the quality of the assets.

During the last year, we have stayed focussed on the safety of our employees and wellbeing of our customers. To relieve pandemic-related stress, we invoked resolution plans for 425 eligible MSME borrowers amounting to ₹ 150.13 Mn.,

based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on 6th August 2020.

To safeguard the wellbeing of our employees, we ensured that we undertook regular sanitisation of our office premises, as well sanitisation of all individuals working within. We ensured that they received suitable health advisory and always had a doctor on call for them. At a broader level, we undertook reskilling and training of employees to enable them to refocus and stay energised about our mission.

We initiated several operational measures to support our employees and customers. All our 99 branches became operational with suitable staffing levels that enabled distancing while meeting our customers' needs. We also used our banking platform for 100% of disbursement and collections to facilitate seamless collection operations during the lockdown.

Where cost monitoring is concerned, we have taken various initiatives to enhance the efficiency of the employees, while cutting down on advertisement spends, travelling and other related expenses.

Going forward, looking at the current scenario it is difficult to accurately assess how things will pan out, especially with the second wave of the pandemic impacting human resources more severely. However, as I have often shared before, we will continue to focus on fundamentals rather than growth, keeping quality of assets as our goal rather than setting quantity-based targets. We believe that this will enable us to meet our longer-term goals of serving our target segment more effectively as well as meeting the expectations of our other stakeholders.

As we move into the new normal future, we will stay anchored to our belief that growth along with quality is the key to enhance the shareholders' value. We anticipate growth in the range of 20% - 25% for the next five years, with scope for recalibration based on the macro situation. We will continue to prioritise asset quality and profitability and thereby maintain healthy ROA and ROCE.

We will continue to serve LIG and MIG customers, especially those transitioning from the informal sector, spread over rural, semi urban and urban areas. We look forward to leveraging our experience of over two decades to add value to these customers.

I would like to take this opportunity to thank our stakeholders for the confidence that they have placed in us and look forward to rewarding this trust with sterling and sustainable results.

We continue to believe that SME and Housing finance offer huge potential and will focus on these segments as key growth drivers. Using the 'Power of Distribution', i.e., by strengthening our distribution network and operations in the current states and exploring the potentiality of entering into new geographies.

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

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

Kamlesh C. Gandhi
Chairman and Managing Director

Tribute to

Shri Mukesh Gandhi

Co-Promoter, Whole-Time Director & Chief Financial Officer

IT IS WITH GREAT SORROW WE SHARE THAT OUR CO-PROMOTER, WHOLE-TIME DIRECTOR & CFO SHRI MUKESH GANDHI, AGED 63 YEARS, HAS LEFT US FOR THE HEAVENLY ABODE ON 19TH JANUARY, 2021.

It is with great sorrow we share that our Co-Promoter, Whole-time Director & CFO Shri Mukesh Gandhi, aged 63 years, has left us for the heavenly abode on 19th January, 2021.

Shri Mukesh Gandhi played an important role in raising the Company to its present level of strength and robust fundamentals from a humble beginning in the year 1995. Over the years, the Company has benefited immensely from his vision and vigilance.

By 2018, he decided to focus on his health and successfully groomed and mentored a second line of talent to actively take on his roles and responsibilities, thus ensuring seamless succession and transmission of his duties and the efficient working of the Company.

Shri Mukesh Gandhi's passing away will be irreplaceable loss to the family, organisation and also for everyone who knew him in any capacity.

We, the management and the employees of the Company, convey deep sorrow and condolences to his family. We will always remember him as a positive, enthusiastic and kind person, filled with zeal and pragmatism.

To honour his memory, Team MAS will remain dedicated to its mission of "Excellence through Endeavours".

Corporate Snapshot

MAS at a Glance

MAS Financial Services was registered as an NBFC with the Reserve Bank of India in 1995. In support of the nation's drive to promote financial inclusion, we strive to financially empower individuals and enterprises that stand at the threshold of the formal financial system, with access to suitable credit. We cater to the needs of retail customers, especially those in the low-income and middle-income segments, and offers enterprise loans to MSMEs.

Our offerings span retail financing products for MSMEs, home loans, two-wheeler loans, used car loans and commercial vehicle loans. We have a presence in urban, semi-urban and rural areas through 99 branches in 7 territories: Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu, Karnataka, and Delhi NCR. By the end of March 2021, we had serviced 7,00,000+ active customers, in formal and informal sectors, often taking financial services to the customers' doorstep.

To meet the needs of our target borrowers, who often lack credit history and adequate paperwork to prove their eligibility, we have crafted alternative systems that enable us to assess their loan repayment ability without compromising our Return on Capital Employed (RoCE). We also leverage our human resources to analyse the creditworthiness of our borrowers through in-depth and regular engagements with them.

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, which include non-banking finance companies (NBFCs), microfinance institution NBFCs, housing finance companies and franchisees – to reach out to those who are financially unserved and under-served.

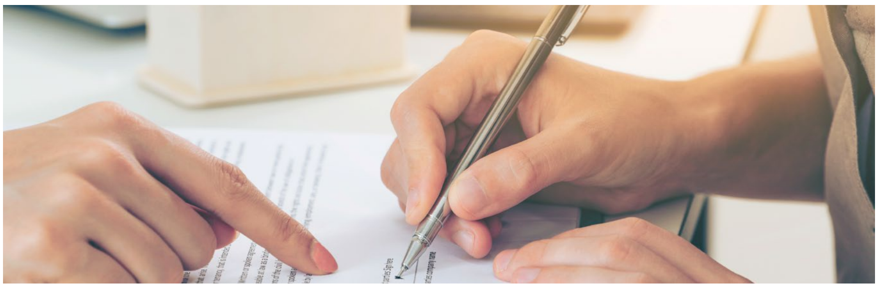
PRODUCT OFFERINGS

Micro Enterprise Loan (MEL): We offer loans to small and micro enterprises, enabling them to pursue their growth aspirations.

Small & Medium Enterprises (SME) Loan: Towards fuelling the growth and development of small and medium enterprises, we offer a complete bouquet of credit including machinery loans, industrial shed loans, working capital loans and loans against property.

Two-Wheeler Loan: Our two-wheeler loans fulfil the dreams of self-employed and salaried customers for purchasing a vehicle.

Commercial Vehicle (CV) Loan: We support entrepreneurs to expand and fuel up their distribution business with commercial vehicle loans for new and used vehicles.



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

Vision

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

Mission

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

Beliefs

"We have miles to go & Promises to keep..."
"Together we can and we will"

KEY MILESTONES

1995
- Year of incorporation; Commenced retail finance operations with Two-wheeler and Micro-Enterprise loans

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

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

2011
- Listed NCDs on Bombay Stock Exchange

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

2013
- Disbursement & AUM crossed ₹ 10 Bn.

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

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

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

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

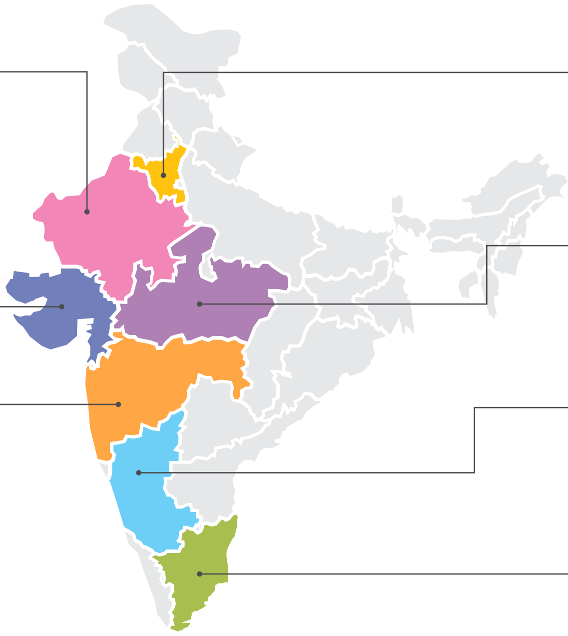
2018
- Listed Equity Shares on Bombay Stock Exchange & National Stock Exchange
- Received additional capital infusion of ₹ 350 Mn. from Motilal Oswal and raised fresh capital of ₹ 2,330 Mn. through an IPO

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

2020
- Completed 25 years of operations
- AUM crossed ₹ 60 Bn. on a consolidated basis

2021
- Inclusive Finance India Award 2020 – NBFC lending to Micro and Small Enterprises
- Raised ₹ 650 Mn. via market-linked NCDs (MLD)

GEOGRAPHIC PRESENCE



Rajasthan
9 branches covering major towns

Gujarat
55 branches across the state

Maharashtra
21 branches covering major towns

Delhi NCR
1 branch

Madhya Pradesh
10 branches covering major towns

Karnataka
1 branch in Bangalore

Tamil Nadu
2 branches in Chennai and Coimbatore

KEY STRENGTHS

Large customer base with immense potential for growth

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 wide network of branches, partners and service agents

We are present in 7 territories across the country, with 3,470+ service points, and the promise of doorstep delivery of services. We go to our customers wherever they need us to be. Team MAS also reaches out to customers across hinterlands, through our 127 partner companies and 604 service agents.

Effective Liability Management and Asset Creation

We follow a self-propelling business model wherein our capital requirements are met predominantly from internal accruals. We focus on maintaining a healthy ALM, the right mix of resources and planning and maintaining cost efficiency.

While creating assets, we follow the dictum of 'Credit where it is due'. Our asset base is built on ensuring the right product mix, adding value and our unique distribution model.

A broad spectrum of loan products

Since our inception over two and a half decades ago, we have been steadily expanding the range of our loan offerings, to include new products, in keeping with the transformation of the economy and the evolving needs of our target customers. 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.

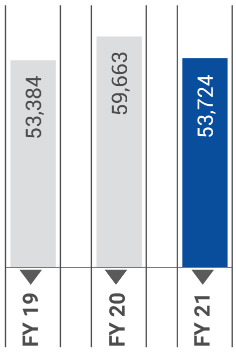
People-centric approach

Although we have adopted cutting-edge technology to facilitate our employees and customers, our focus in the business remains people. This has enabled us to achieve steady growth over the years despite macro-economic ups and downs thanks to the dedication of our employees, loyalty and delight of our customers, support of our partners and confidence and trust of our stakeholders.

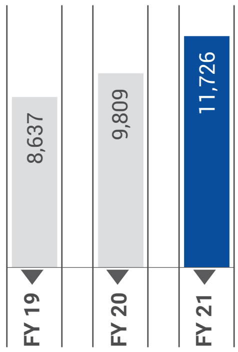
Snapshot of Financial Performance

Despite the unprecedented business environment and challenges on various fronts, we have managed to stay resilient by refocussing our strategy and reenergising our will to achieve our mission and vision.

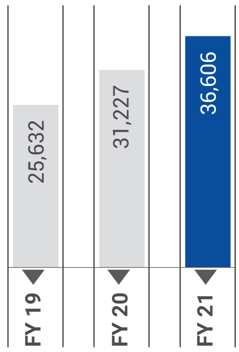
Assets Under Management
(In ₹ Mn.)



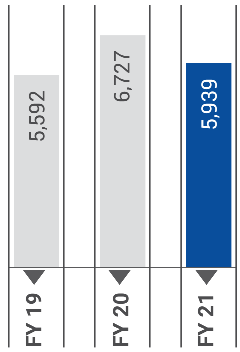
Net Worth
(In ₹ Mn.)



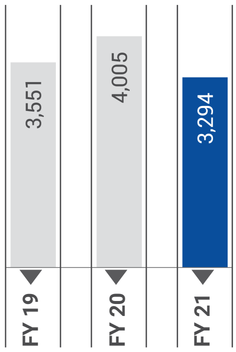
Borrowings
(In ₹ Mn.)



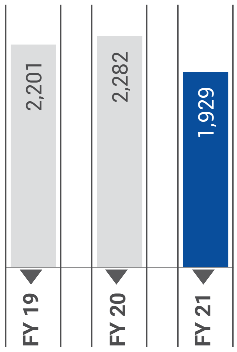
Revenue
(In ₹ Mn.)



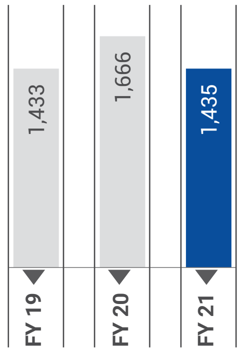
Net Interest Income
(In ₹ Mn.)



Profit Before Tax
(In ₹ Mn.)



Profit After Tax
(In ₹ Mn.)



ENABLERS FOR NAVIGATING THROUGH CURRENT UNPRECEDENTED CHALLENGES

SUCCESSFUL TRACK RECORD

- Successfully withstood multiple headwinds over the years
- Proven track record of more than 25 years with AUM CAGR of 37.25% and PAT CAGR of 41.97%

HIGHLY CAPITALISED

- Highly capitalised for future growth. Sufficient capital to continue the growth momentum
- Capital Adequacy of 26.85% ,Tier I Capital Adequacy of 24.81% & Tier II Capital Adequacy of 2.04%

STRONG PROVISION BUFFER & PORTFOLIO QUALITY

- Consistent track record of high-quality portfolio with Net stage 3 Assets of 1.52% as on 31st March 2021
- High COVID-19 related provisioning buffer of ₹ 562.30 Mn. which is 1.39% of the on book Assets

ROBUST LIQUIDITY POSITION

- Cash and cash equivalent of ₹ 10,000 Mn. as on 31st March 2021
- Sufficient liquidity to cover opex and debt liabilities for at least next 12 months
- Positive across all cumulative ALM buckets

Unique and Robust Distribution Network to Power Our Journey Ahead

In an endeavour to create a robust distribution network which ensures rapid and sustainable growth, MAS has adopted an approach which entails partnering with Non-Banking Financial Companies (NBFCs) that enjoy a strong local presence.

To these partners, we offer 360° scalability and sustainability opportunities in the form of:

- Providing Liability Solutions
- Product Development and Strengthening their System and Operations
- Capital Advisory

From a tie up with just one NBFC in 2008, we have expanded our model to currently over 120 such NBFCs that have given us a virtual pan-India presence.

With these partnerships, we have established efficient last-mile delivery of credit across our product range namely MEL, SME, Two-Wheeler and Commercial Vehicle Loans. At the same time, our value chain approach has proven to be potent in solving informality because of the proximity to the end borrowers. It has enabled us to achieve better quality of intermediation with the advantage of an adequate capital base along with a better understanding of local operations and demography. The revenue sharing model that we follow ensures scalability as the operational and credit costs can be borne by the partner NBFCs.

Our confidence in this model has been endorsed by our proven track record of a cumulative disbursement of more than ₹ 1,40,000 Mn. over a decade, across various tough periods, with a total loss of less than 0.5%. It has enabled us to post a strong CAGR of around 30% over the last five years, across our product range, with an immaculate track record. We see huge potential to grow along with these NBFC partners across our product range through efficient last-mile delivery of credit.

KEY CRITERIA WHICH GUIDE US WHEN WE FORGE RELATIONSHIPS WITH OUR NBFC PARTNERS

- Promoters Evaluation
- Financial Performance
- Growth Strategy
- Capital Base
- Operational Excellence
- Product Alignment

THIS MODEL HAS DELIVERED A WIN-WIN SITUATION FOR ALL

For MAS, *it has unlocked*

- A wider network of opportunity while enabling us to maintain a relatively lower risk profile.
- Knowledge partnerships and increased our local market knowledge

For our NBFC partners, *it offers*

- Value addition which can improve their systems and operations and enable scalability and sustainability of business
- Vital liability support on the strength of our understanding of the retail products

For customers, *it creates*

- An all-round enabling situation of extending credit where it is due, with deep penetration and understanding

For the lending ecosystem, *it becomes*

- A catalyst in efficient last-mile delivery of credit

GOING FORWARD, WE ARE CLIMBING THE LEARNING CURVE IN TERMS OF :

Credit Assessment

Through continuous strengthening of due diligence and audit processes, both pre- and post-disbursement, we further strengthen due diligence in the field.

Constant Monitoring

As we build close engagement with our partner NBFCs, both on the system as well as credit, we execute additional diligence of financial accounting with necessary deep diving as part of monitoring to pre-empt any irregularities.

Evaluation Matrix

We are further strengthening the evaluation and exposure matrix for all the NBFC partners.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) lies at the heart of our vision. We believe that to build value and sustain growth, we must promote the wellbeing of communities beyond our business stakeholders, especially those from economically less-privileged sections of society. Our direct and indirect support to such communities is a way of life for us at MAS Financial.

COVID Relief Food Kit

Shiksha Abhiyan: Distribution of Sweaters

Blood Donation Camp in collaboration with Ahmedabad Police for thalassaemia-affected children

Built School Shed

Board of Directors

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

He is a proficient and experienced industry practitioner with a brilliant track record. He manages the Company with the guidance and support of the Board. 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. Also, he is the Director in 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 three decades 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 qualified Chartered Accountant. He has more than three decades of experience in the diverse fields connected with Finance, Accounting, Auditing and Taxation. He also has 5 years hands-on experience of working in an NBFC.

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

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

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

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

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

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

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

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

CHIEF FINANCIAL OFFICER:
Mr. Ankit Jain

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

INVESTOR RELATIONS:
Mr. Nishant Vyas

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

Axis Bank Limited
Bajaj Finance Limited
Bank of Baroda
Bank of India
Bank of Maharashtra
Baroda Gujarat Gramin Bank
Central Bank of India
DBS Bank India Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IDFC First Bank Limited
Indian Bank
Indian Overseas Bank
IndusInd Bank
Kotak Mahindra Bank Limited
Micro Units Development & Refinance Agency Limited
National Bank for Agriculture and Rural Development
Punjab National Bank
RBL Bank Limited
SBM Bank (India) Ltd
Shinhan Bank
Small Industries Development Bank of India
State Bank of India
Sundaram Finance Limited
Tamilnad Mercantile Bank Limited
Tata Capital Financial Services Limited
The Federal Bank Limited
The South Indian Bank Limited
Union Bank of India

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

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

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

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

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

Notice

NOTICE is hereby given that the Twenty Sixth (26th) Annual General Meeting (AGM) of the members of MAS Financial Services Limited will be held at 11:30 A.M. on Wednesday the 25th day of August, 2021 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, 2021 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare Final Dividend of ₹ 1.50/- per Equity Share of ₹ 10/- each for the financial year ended on March 31, 2021.
3. To appoint a Director in place of Mr. Kamlesh Chimanlal Gandhi (DIN: 00044852), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.
4. To appoint Auditor and fix remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

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

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 142 of the Companies Act, 2013 and the rules made there under, M/s. Mukesh M. Shah & Co., Chartered Accountants be and are hereby appointed as the Statutory Auditors of the Company by the Board of Directors in their meeting held on July 22, 2021 with effect from the conclusion of the board meeting wherein the results / limited review report for the quarter ended June 30, 2021 are approved / adopted, for a period of 3 consecutive years in compliance with RBI circular no. RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 who shall hold office from the conclusion of the 26th Annual General Meeting of the Company to be held for the financial year 2020-21 till the conclusion of the 29th Annual General Meeting to be held for the financial year 2023-24 and the Board of Directors of the Company be and is hereby authorised to fix their remuneration for the said period."

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

By order of the Board

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

Place : Ahmedabad
Date : July 22, 2021

NOTES:

1. In view of the continuing restrictions on the movement of persons at several places in the country, due to outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated 5 May 2020 read with General Circular No. 14/2020 dated 8 April 2020, General Circular No. 17/2020 dated 13 April 2020, Circular No. 22/2020 dated June 15, 2020, Circular No. 33/2020 dated September 28, 2020, Circular No. 39/2020 dated December 31, 2020 General Circular No. 02/2021 dated January 13, 2021 and General Circular No. 10 dated June 23, 2021 ("MCA Circulars") and other applicable circulars issued by the Securities and Exchange Board of India (SEBI), has allowed the Companies to conduct the Annual General Meeting ('AGM') through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2021. In accordance with the said circulars of MCA, SEBI and applicable provisions of the Companies Act, 2013 (the 'Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations'), the 26th AGM of the Company shall be conducted through VC/OAVM (hereinafter called 'e-AGM' or 'AGM'). Central Depository Services (India) Limited ("CDSL") will be providing facility for voting through remote e-voting, participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at Note below and is also available on the website of the Company at www.mas.co.in.
2. In terms of sections 101 and 136 of the Act, read with the rules made thereunder, the listed companies may send the notice of AGM and the annual report, including financial statements, boards' report, etc. by electronic mode. Pursuant to the said provisions of the Act read with MCA Circulars, SEBI Circular dated May 12, 2020 and January 15, 2021, Notice of 26th AGM along with the Annual Report for FY2021 is being sent only through electronic mode to those members whose email addresses are registered with the Company/depositories. Members may note that the Notice of the 26th AGM and Annual Report for FY2021 will also be available on the Company's website at www.mas.co.in, website of the stock exchanges i.e., BSE Ltd. ('BSE') at www.bseindia.com and National Stock Exchange of India Ltd. ('NSE') at www.nseindia.com and on the website of CDSL at www.cdslindia.com. In this notice, the term member(s) or shareholder(s) are used interchangeably.
3. The deemed venue for 26th AGM shall be the Registered Office of the Company at 6, Ground Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009.

4. In terms of Section 152 of the Companies Act, 2013, Mr. Kamlesh Gandhi (DIN: 00044852), 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.

5. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, August 19, 2021 to Wednesday, August 25, 2021, (both days inclusive).

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

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

8. To support the 'Green Initiative', the Company requests those Members who have not yet registered their e-mail address, to register the same directly with their DP, in case shares are held in electronic form and to the Company, in case shares are held in physical form. Further, members holding shares in electronic form are requested to notify the changes in the above particulars, if any, directly to their Depository Participants (DP).

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

10. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020, May 05, 2020 and January 13, 2021 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

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

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

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

14. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before Monday, August 16, 2021 (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 OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETING IS AS UNDER:

(i) The voting period begins on Saturday, August 21, 2021 at 09:00 a.m. and ends on Tuesday, August 24, 2021 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Wednesday, August 18, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

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

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

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

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

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

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

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

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

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

Login Type	Helpdesk Details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding shares in Demat form & physical shareholders.

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

(ii) Click on "Shareholders" module.

(iii) 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.

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

(v) 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.

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

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company.
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).

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

(viii) 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.

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

(x) Click on the EVSN: 210724002 for the MAS Financial Services Limited on which you choose to vote.

(xi) 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.

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

(xiii) 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.

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

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

(xvi) 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.

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

• Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.

• A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com

• After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login 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.

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

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

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

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

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

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

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

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

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

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

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

PROCESS FOR THOSE 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 update your email id & mobile no. with your respective Depository Participant (DP)

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

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

Other Instructions:

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than two working days from conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.mas.co.in and on the website of CDSL www.evotingindia.com immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

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. Kamlesh C. Gandhi
DIN	00044852
Date of birth	02/02/1966
Age	55 years
Qualification	He holds Higher secondary school examination certificate from the Gujarat Secondary Education Board, Gandhinagar in 1983.
Experience (including expertise in specific functional area) / Brief Resume	He 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 is also the Director 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	Nil (F.Y. 2020-21)
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	62,86,833 (11.50%) Equity Shares as on March 31, 2021.
Relationship with other Directors/Manager and other Key Managerial Personnel of the company	NA
Number of Meetings of the Board attended during the year 2020-21	6
Names of listed entities in which the person also holds the Directorships	1 (i.e. MAS Financial Services Limited)
Names of listed entities in which the person also holds Membership of Committees of Board.*	Not Applicable

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

DISCLOSURE UNDER REGULATION 36(5) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Item No. 4 – Appointment of M/s. Mukesh M. Shah & Co., Chartered Accountants as Statutory Auditors:

M/s. B S R & Co. LLP were appointed as the statutory auditors of the Company at the 23rd AGM of the company held on June 27, 2018 and their tenure of three consecutive years will expire at the ensuing AGM of the company scheduled on August 25, 2021. Pursuant to the RBI circular dated 27 April, 2021 on Guidelines for appointment of statutory auditors of banks and NBFCs, M/s. B S R & Co. LLP will be ineligible to continue as the Statutory Auditors after completion of 3 years. In view of the same, M/s. B S R & Co. LLP had communicated their intention to resign as the statutory auditors of the Company in compliance with the said RBI Circular and their resignation will be effective upon signing the limited review reports for the quarter ending June 30, 2021 are approved / adopted. Accordingly, the Board recommends the appointment of M/s. Mukesh M. Shah & Co. as the statutory auditors of the company with effect from the board meeting wherein the results / limited review for the quarter ended June 30, 2021 are approved / adopted subject to the approval of the shareholders.

Proposed statutory audit fee payable to auditors	Up to Rs. 30.00 Lakh with respect to statutory audit and limited review fees during the Financial Year 2021-22. In aggregate as may be decided by the Board of Directors including any committee thereof.
Terms of appointment	M/s. Mukesh M. Shah & Co., Chartered Accountants are recommended for appointment for a term of three years from the closure of 26th Annual General Meeting till the closure of 29th Annual General Meeting.
Material change in fee payable	No material change in fee for the proposed auditors. Outgoing auditors were paid Rs. 54.50 Lakh with respect to statutory audit and limited review fees during the Financial Year 2020-21.
Basis of recommendation and auditor credentials	The recommendations are based on the fulfilment of the eligibility criteria prescribed by RBI guidelines and the Companies Act, 2013 with regard to the full time partners, statutory audit experience of the firms, capability, independence assessment, audit experience of banks and NBFCs. **M/s. Mukesh M. Shah & Co. "MMSCO":** Mukesh M. Shah & Co., [MMSCO], established in 1978, having its offices their Ahmedabad. Mr. Mukesh Shah is the founder and managing director of the firm with over 40 years of experience. The firm has significant experience of providing range of services such as auditing, taxation, advisory and accounting across various sectors of the economy including the financial sector. Also, the team consist of chartered accountants (including partners), audit executives and interns, qualified and trained to deliver desired results with relevant skillset and expertise.

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

By order of the Board

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

Place : Ahmedabad
Date : July 22, 2021

Contact Details:

Company	MAS Financial Services Limited 6, Narayan Chambers, 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

We trust and wish that everybody in your surrounding is fine and healthy. Before we present the financial results to you for the year 2020-21, we on behalf of team MAS would like to pay our most respectful homage to our Co-Founder Shri Mukeshbhai C. Gandhi who left for his heavenly abode on January 19, 2021. While we are grief stricken, team MAS is dedicated towards its mission of "Excellence through Endeavours".

We hereby present the Twenty Sixth (26th) Annual Report of your Company together with the Audited Statement of Accounts for the year ended on March 31, 2021.

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

The summarised financial results of the Company are presented hereunder:

FINANCIAL RESULTS:

(Amount in ₹ Lakhs)

Particulars	Standalone		Consolidated	
	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020 (Restated)	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020 (Restated)
Revenue from Operations	59,218.31	67,200.09	62,698.03	70,965.41
Other Income	170.59	71.75	73.20	35.91
Total Income	**59,388.90**	**67,271.84**	**62,771.23**	**71,001.32**
Less: Total Expenditure	**40,099.61**	**44,455.64**	**43,174.32**	**47,973.48**
Profit Before Tax	**19,289.29**	**22,816.20**	**19,596.91**	**23,027.84**
Less: Provision for Taxation (Including Current tax, Deferred Tax & Income Tax of earlier Years)	4,938.99	6,160.85	5,044.48	6,219.16
Net Profit	**14,350.30**	**16,655.35**	**14,552.43**	**16,808.68**
Profit Brought Forward	28,104.57	22,694.05	28,381.53	22,945.28
Net Profit after profit attributable to minority shareholders	-	-	14,436.01	16,739.40
Item of other comprehensive income recognised directly in retained earnings - on defined benefit plan	50.15	(22.21)	54.03	(24.05)
Transition impact of Ind-AS 116	-	(10.31)	-	(12.45)
Profit Available for Appropriation	**42,505.02**	**39,316.88**	**42,871.57**	**39,648.18**
LESS: APPROPRIATIONS:				
Transfer to reserve u/s 45-IC of RBI Act, 1934	2,870.06	3,564.26	2,870.06	3,564.26
Transfer to reserve u/s 29-C of NHB Act, 1987	-	-	66.83	53.04
Final Dividend on equity shares	-	1,967.83	-	1,967.83
Interim Dividend on Equity Shares	-	4,372.96	-	4,372.96
Dividend distribution tax on Equity Shares	-	1,307.26	0.32	1,308.56
Surplus Balance carried to Balance Sheet	**39,634.96**	**28,104.57**	**39,934.36**	**28,381.53**

COVID-19

The COVID-19 Pandemic is having a deep Impact on Indian businesses and has already caused unprecedented challenges in economic activities. Further, the "second wave" of COVID-19 pandemic has significantly affected various sectors of Indian economy. The prolonged lockdown imposed by the government due to Covid-19 pandemic has affected the Company's business operations. The Company has considered an additional Expected Credit Loss (ECL) provision on Loans of ₹ 35.90 crores on account of COVID-19 during the year ended March 31, 2021.

The operations of the Company were working on half of the capacity; offices have been closed or have had access significantly restricted, in accordance with local regulations and guidance as per the lockdown directives of Government. 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 operations at the office are currently working in a full capacity by maintaining social distancing in compliance with the various directives issued by the Government. Many employees who belong from containment zone have been allowed the facility to work from home where their job duty permits until further notice by the management. In our efforts for the health and well-being of employees, various steps have been taken to ensure efficient workplace; have moved meetings and trainings to virtual formats.

In light of the COVID-19 pandemic, we have taken several steps to minimize its impact on our operations and ensure the well-being of our people including daily sanitization for every employee, temperature check up on a daily basis, installation of sanitizer/handwash dispensers in the premises etc. In these difficult times of the COVID-19 pandemic, safety of our employees continues to be our key priority and resilience for an organisation is paramount. We are encouraging the vaccination for our employees and adhering to COVID-19 guidelines. We are closely monitoring the situation and will continue to take all necessary actions to ensure the health and safety of our employees. Further, the Company focused on achieving its business goals hand-in-hand with improving its' operations and cutting costs.

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 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 1.39% of our on book assets as of March, 2021. All out 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:

The company concentrated on strengthening the balance sheet evident from the fact that it had more than 25% of Tier – I close to ₹ 1000 Crore of liquidity, a Covid buffer corresponding to more than 100% of net stage III assets. High collection efficiencies and cautious disbursement resulted in to a contraction of 9.95% in AUM over the corresponding period of the previous year, Asset under Management is ₹ 5,372.44 Crore (Previous year ₹ 5,966.28 Crore). This drop in AUM resulted in to the gross income of ₹ 593.89 crore (Previous year ₹ 672.72 crore) comprising of income from operations and other income. Net Profit after tax is ₹ 143.50 crore (Previous year ₹ 166.55 crore). The Earnings per share is ₹ 26.25 (Previous years ₹ 30.47).

While we all agree that the performance of the current year in no ways can be compared to that of the previous year however the Company with strong balance sheet will have an ample opportunity to register a robust growth once the situation normalizes.

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:

Machinery and working capital loans to the SME continues to show lot of promise as expected. We are in the continuous 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, 2021. It is worth mentioning that despite of credit worthy customer class, ascertaining the title of the property remains a challenging job. The Company is actively involved with all the stakeholders to smoothen the process and is assertive in getting the right set of documents.

We continue to endeavour relentlessly and are confident of creating a quality portfolio and add value to the ecosystem we work in.

DISTRIBUTION NETWORK:

MFSL's current Branch Network stands at 99 branches presently with expansion on the cards in the near future.

PARTNERING WITH REGIONAL NBFCS AND NBFC-MFIS:

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

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

RESOURCES:

HUMAN RESOURCE MANAGEMENT AT MAS:

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

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 719 employees as on March 31, 2021. 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:

The current year was a turbulent period because of the pandemic caused due to COVID 19 but the respect accorded to the Company by the investors and lenders across all the categories was a humbling experience. The Company in tandem with its philosophy of pursuing the mission of "Excellence through Endeavours" will strive to maximize the shareholders' value.

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

The Company by virtue of its performance over the years enjoys very good relationships with many leading banks and financial institutions. The Company could raise the required resources from various banks and financial institutions comfortably. We anticipate the same response from all our lending partners for the coming years too. The Company anticipates credit lines from few more banks and financial institutions besides the existing ones.

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

Your Company continues to command the respect and the confidence of Bankers as their extended channel in their task of providing efficient delivery of credit. The Company acknowledges the constructive support of the Investors and consortium member banks.

CAPITAL ADEQUACY RATIO

As on March 31, 2021, the Company's Capital Adequacy Ratio (CAR), stood at 26.85% of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off balance sheet items, which is well above the regulatory minimum of 15%, providing much needed headroom for fund raising for business operations of the Company.

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

In pursuance to the provisions of Section 92(3) of the Companies Act, 2013 read with Rules made thereunder and amended time to time, the Annual Return of the Company for the Financial Year ended on March 31, 2021 is available on the website of the company i.e. www.mas.co.in.

BOARD MEETINGS HELD DURING THE YEAR:

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

Sr. No.	Date on which Board Meetings were held	Total Strength of the Board*	No. of Directors Present*
1	03.06.2020	7	7
2	16.06.2020	7	7
3	12.08.2020	7	7
4	11.11.2020	7	7
5	29.01.2021	6	6
6	10.02.2021	6	6

* Shri Mukesh Gandhi passed away on January 19, 2021.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of its knowledge and ability would like to state that:

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

b) they had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;

c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they had prepared annual accounts on a going concern basis;

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

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

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

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

AUDITORS:

Statutory Auditors:

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

The Company had received a letter from M/s. B S R & Co. LLP, Chartered Accountants dated July 22, 2021 showing their intention to resign from the office of Statutory Auditors as they have completed a tenure of 3 consecutive years of Audit from the Financial Year 2018-19 to 2020-21 pursuant to guidelines issued by Reserve Bank of India (RBI) on appointment of statutory auditor(s) of Non-Banking Financial Companies vide Circular RBI/2021-22/25 Ref. No. DoS. CD.AR G/SEC.01/08.91.001/2021-22 dated April 27, 2021 ("Circular") with effect from the conclusion of the board meeting wherein the results / limited review report for the quarter ended June 30, 2021 are adopted / approved.

Based on the recommendation of the Audit Committee, the Board of Directors in their Meeting held on Thursday, July 22, 2021 had appointed M/s. Mukesh M. Shah & Co., Chartered Accountants (Registration No. 106625W), as the Statutory Auditors of the Company with effect from the board meeting wherein the results / limited review report for the quarter ended June 30, 2021 are adopted/approved subject to the approval of members. The company is confident of benefitting from the indulgence of very senior engagement partners based at Ahmedabad. The resolution for their appointment has been mentioned in the Notice convening the 26th Annual General Meeting.

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

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

Secretarial Auditors:

In the Board Meeting held on June 03, 2020 M/s. Ravi Kapoor & Associates, Practising Company Secretaries were appointed as Secretarial Auditor of the Company for the financial year 2020-21.

SECRETARIAL AUDIT REPORT:

In pursuance to the provisions of Section 204 of the Companies Act, 2013 read with Rules framed thereunder and in compliance of Regulation 24A of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") M/s. Ravi Kapoor and Associates, Practising Company Secretaries, had conducted secretarial audit of the company for the financial year 2020-21. There was no qualification or adverse remarks made by the auditor in their report and the said Secretarial report are annexed which is forming part to this report as "**Annexure – B**".

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

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

There is a qualification in audit report issued by the auditors of the Company pertaining to change in company's accounting policy of amortising the income over the tenure of the loans assigned instead of booking it upfront. For further details on qualification please refer "Report on the Audit of the Standalone Financial Statements"as mentioned in Independent Auditor's Report.

Reply of Management for above qualification raised by Auditors:

The Company opted a prudent practice of amortising the income over the tenure of loans assigned instead of booking it upfront. This practice in management's view ensures true and fair financial position of the company. The same is a deviation from the Ind AS 109 'Financial Instruments' but according to the management well within the framework of IND AS 1 para 19 and 20 and also the practice as per the RBI directive circular no. DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012 which was prudently practiced before the implementation of IND AS.

Please refer note 30 of the standalone financial statements for detailed explanation.

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

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

FRAUDS REPORTED BY THE AUDITOR

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

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

The Company has received declarations from Mr. Bala Bhaskaran, Mr. Chetan Shah, Mr. Umesh Shah and Mrs. Daksha Shah, Independent Directors of the Company that they meet with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Companies Act, 2013 read with Rule 6 (1) and (3) of Companies (Appointment and Qualifications of Directors) Rules, 2014 as amended from time to time and Regulation 16 & 25 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

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

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

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

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

During the year under review the Company has invested surplus funds in various securities in the ordinary course of business. For details of the investments of the Company refer to Note 8 of the financial statements.

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

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

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

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

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

During the year under review ₹ 28.70 crore transferred to statutory reserve under Section 45 IC of RBI Act, 1934.

DIVIDEND:

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) during the previous financial year 2019-20. 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, 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) during the previous financial year 2019-20. 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 had paid a total Dividend of ₹ 8 per equity shares of ₹ 10 each (@ 80 %) in the previous financial year 2019-20.

Your Directors are pleased to recommend a Final Dividend of ₹ 1.50/- (Rupees One and Fifty Paise Only) per Equity Share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (15%) aggregating to 8,19,93,064.50/- (Rupees Eight Crore Nineteen Lakh Ninety Three Thousand Sixty Four and Fifty Paisa Only) for the Financial year 2020-21, subject to the approval of members in the ensuing Annual General Meeting of the Company. The payment of Final Dividend shall be paid to those members whose names appears in the Register of Members of the Company or in the records of depositories as beneficial owners of Equity Shares as on Wednesday August 11, 2021. The payment of final dividend will be subject to deduction of tax at source as per the applicable rate.

The dividend recommended is in accordance with the criteria as set out in the Dividend Distribution Policy which has been approved by the Board of Directors. Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the policy is forming part to the report as "**Annexure - D**". The weblink for the same is https://www.mas.co.in/policy.aspx.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY:

There have been no material changes and commitments that would affect financial position of the Company from the end of the financial year of the Company to which the financial statements relate and the date of the directors report.

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

- **Conservation of Energy and Technology Absorption:**

  Since the Company is operating in service sector, the provisions of Section 134(3)(m) of the Companies Act, 2013 regarding conservation of energy and Technology Absorption are not applicable.

- **Foreign Exchange earnings and outgo**

  The Company has no Foreign Exchange earnings and outgo.

RISK MANAGEMENT

Financing activity is the business of management of risks, which in turn is the function of the appropriate credit models and the robust systems and operations. Your Company continues to focus on the above two maxims, and is always eager to improve upon the same.

Your Company continues to give prime importance to the function of receivables management, as it considers this the ultimate reflection of the correctness of marketing strategy as well as appraisal techniques. The Net NPA of the Company is 1.52% 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 1000 listed entities determined on the basis of market capitalization, as at the end of the immediate previous financial year. The Board of Directors has thus adopted a risk management policy for the Company which provides identification, assessment and control of risks which in the opinion of the Board may threaten the existence of the Company. The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy. The web-link for the same is www.mas.co.in.

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

Corporate Social Responsibility (CSR):

Your Company has always responded in a responsible manner to the growing needs of the communities in which it operates and believes in giving back to society in some measure that is proportionate to its success in business. During the year, your Company has, in consonance with the CSR policy of the Company, undertaken a number of initiatives that contribute to society at large, in the areas of Health, Welfare and Education.

During the year, due to COVID – 19 pandemic and lockdown the large section of population across the country were affected and could not meet basic requirement i.e. Food. As part of this drive, raw food packets (groceries) containing all basic necessary food items were supplied to villages of Gujarat i.e. Gunma, Ajrapur, Kuvadra and Vijayanagar (Gandhinagar). As a responsible corporate, we believe, we must leverage our resources to support the community in tough times. Our food distribution drive is a small gesture in this direction – to provide relief to the most vulnerable of our people and to those relentlessly working on ground with limited support.

Among all the corona warriors, the most visible, yet most underappreciated, are the humble policemen. As the lockdown began due to second wave of COVID-19 the people confined themselves to their homes, commercial activities came to a halt and transport was grounded, but Policemen were continuously devoting their duties. In place of the routine duties of law-and-order maintenance, crime control, and traffic management, the police had to make sure that the lockdown was effective. The police force has been working under life-threatening conditions, since many of them do not have access to personal protection equipment; the risk of catching the infection was tremendously high. Accordingly, the Company has organized various free tests including RT-PCR to Policemen.

The Company also organized a Blood Donation Camp in collaboration with Ellisbridge Police Station and Indian Red Cross Society in order to help Thalassemia patients who thrive for blood transfusions for their survival.

Moreover, quality education remains one of the most important CSR missions for the Company; In view of the same, the Company has identified various bright students from more than Thirty (30) schools who wish to pursue higher studies but are not financially sound and financed them for achieving their dreams. In order of development of the society, to curb the said causes and to achieve 100% Literacy Rate, the Company takes active interest in the education of these students and we care about providing better and quality education. Hence apart from sponsoring fees we support them by providing school bags, stationeries, uniforms, sweaters, school shoes and other such necessary accomplishment to ensure that the parents and the students do not have to take burden of these additional costs and stay focused while studying. A good school infrastructure makes it possible for the children that live in rural areas to study and in addition tends to improve the attendance and interest of students and teachers in learning. The Management Team at MAS Financial Services Limited is proactively involved and connected with schools located at the outskirts of Ahmedabad and Gandhinagar to analyze infrastructure provided to the students and how organization can support them to make it better. It was been observed that many schools have no fans, lights and table benches in classrooms, also students were having meals provided by Government under the blazing sun which might affect their health due to heat. Hence, infrastructure related projects were taken on priority bases wherein the Company supported these schools by providing basic infrastructure i.e. fans, lights, benches in classrooms and more importantly construction of sheds in school premises to protect students from heat related illness.

It is Company's continuous endeavor to increase its CSR impact and spend over the coming years, supplemented by its continued focus towards rural development, promoting health and sanitation. Accordingly, the Company has identified various long term projects of Promoting Education, Sanitisation, Promoting Health and Welfare to ensure overall well-being and higher quality of life for all.

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

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

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

Pursuant to the provisions of 134(3)(p) the Companies Act, 2013 and Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually including Independent Directors as well as the evaluation of the working of its Committees. The evaluation was carried on the basis of structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, level of engagement and participation, Board culture, execution and performance of specific duties, obligations and governance. The Board has expressed their satisfaction with the evaluation process.

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

(a) Performance of the directors; and

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

Criteria adopted for evaluation:

The Board shall evaluate the roles, functions, duties of Independent Directors (ID's) of the Company. Each ID shall be evaluated by all other directors' not by the Director being evaluated. The board shall also review the manner in which ID's follow guidelines of professional conduct. Further, in a separate meeting of Independent Directors, performance of non-independent directors, the Board as whole and the Chairman of the Company was evaluated.

(i) Performance review of all the Non-Independent Directors of the company on the basis of the activities undertaken by them, expectation of board and level of participation;

(ii) Performance review of the Chairman of the Company in terms of level of competence of chairman in steering the company;

(iii) The review and assessment of the flow of information by the Company to the board and manner in which the deliberations take place, the manner of placing the agenda and the contents therein;

(iv) The review of the performance of the directors individually, its own performance as well as evaluation of working of its committees shall be carried out by the board;

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

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

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

PARTICULARS OF EMPLOYEES:

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

THE CHANGE IN NATURE OF BUSINESS:

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

PUBLIC DEPOSITS:

The Company is Non - deposit taking Non-Banking Financial Company registered with Reserve Bank of India and is prohibited from accepting public deposits and therefore the Company has not accepted any deposits from public during the year under review and there was no public deposit outstanding as on March 31, 2021.

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 Debenture of the Company.

- 200 Rated, Listed, Unsecured Redeemable Non-convertible Debentures ("NCDs") of face value of ₹ 10,00,000/- (Rupees Ten Lakhs Only) each aggregating to ₹ 20,00,00,000/-(Rupees Twenty Crores) bearing ISIN INE348L08025 at the rate of 13.50% p.a. &
- 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 ₹ 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 ₹ 10,00,000/- (Rupees Ten Lakhs Only) each aggregating to ₹ 100,00,00,000/-(Rupees One Hundred Crores) bearing ISIN INE348L07043 at the rate of 9.00% p.a.

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

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

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

Further, the Company in its Board Meeting held on May 19, 2021 approved the borrowing of funds by way of issuance of Secured, Rated, Listed, Redeemable, Non-Convertible, taxable debentures up to an aggregate amount of ₹ 700 Crores, in one or more tranches through Private placement. Accordingly the Company has issued first Tranche on June 23, 2021 of 10000 Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures ("NCDs") of face value of ₹ 1,00,000/- (Rupees One Lakh Only) each aggregating to ₹ 100,00,00,000/- (Rupees One Hundred Crores) bearing ISIN **INE348L07084** at the rate of (a) 8.50% (Eight Decimal Five Zero Percent) (XIRR), if the Reference Index Performance is greater than 75% (Seventy Five Percent); and/or (b) 8.45% (Eight Decimal Four Five Percent) (XIRR), if the Reference Index Performance is equal to or lesser than 75% (Seventy Five Percent) but greater than 25% (Twenty Five Percent); and/or 0% (Zero Percent) (XIRR), if the Reference Index Performance is lesser than or equal to 25% (Twenty Five Percent).

STATUTORY COMPLIANCE:

The Company has complied with IND AS as prescribed under section 133 of the Companies Act, 2013 except as mentioned in note no. 30 of Standalone Financial Statements. 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

Internal Financial Control remains an important component to foster confidence in a company's financial reporting, and ultimately, streamlining the process to adopt best practices. In pursuance to provisions of Section 134(5)e) of the Companies Act, 2013 read with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 your Company has in place adequate internal controls with reference to financial statements and are operating effectively. The Company has devised proper system of internal financial control which is commensurate with size and nature of Business. The Board has appointed M/s. Arijeet Gandhi & Associates, Chartered Accountants as an Internal Auditor of the Company pursuant to provisions of Section 138 of the Companies Act, 2013 in order to ensure proper internal financial control.

INSURANCE:

The assets of your Company have been adequately insured. Further, company has taken D&O Insurance for Directors & KMP.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

Pursuant to the provisions of Section 152 (6) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) Mr. Kamlesh Gandhi, (DIN: 00044852) Managing Director 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 on Thursday, July 22, 2021 on the recommendations of the Nomination and Remuneration Committee (NRC), further recommends to the members of the Company for re-appointment of Mr. Kamlesh Gandhi, (DIN: 00044852), as Director.

With deep sorrow, we hereby inform that our Co-Promoter, Whole-time Director & CFO Shri Mukesh Gandhi, aged 63 years has left us for the heavenly abode on January 19, 2021.

Shri Mukesh Gandhi played an important role in bringing the company to its present level from a humble beginning in the year 1995, based on very strong fundamentals.

He was filled with positivity, enthusiasm, zeal, kindness and pragmatism. He very successfully groomed and mentored the second line to take on responsibilities and active operational role thus, ensuring seamless transmission of the efficient working of the company right from 2018. The Company has immensely benefitted from his vision and vigilance.

Shri Mukesh Gandhi's passing away will be irreparable loss to the family, organisation and also for everyone associated with him.

We, the management and the employees of the Company convey deep sorrow and condolences to his family.

Necessary resolutions for the appointment of the aforesaid directors and their detailed profiles have been included in the notice convening the 26th AGM and details of the proposal for appointment are mentioned in the explanatory statement of the notice.

Your directors commend their appointment.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of section 164 & 165 of the Companies Act, 2013. Mr. Ravi Kapoor of M/s. Ravi Kapoor & Associates has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as director of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority. A certificate to this effect has been enclosed with this report.

During the year under review, following Directors were appointed / reappointed at the 25th Annual General Meeting (AGM) held on 09th December, 2020:

1. Appointment of Mrs. Darshana Pandya (DIN: 07610402) as Whole-Time Director of the Company for a term of 5 years w.e.f. July 31, 2019.

Further, in pursuance to the provisions of Section 203 of the Companies Act, 2013 there was change in the Key Managerial Personnel, due to sad and sudden demise of Shri Mukesh Gandhi, Whole-time Director & CFO of the Company on January 19, 2021.

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 - G' to this report.

REPORTS ON MANAGEMENT DISCUSSION ANALYSIS AND CORPORATE GOVERNANCE:

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

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

Your Company is committed for creating and maintaining a secure work environment where its employees can work in an atmosphere free of harassment, exploitation and intimidation. To foster a positive workplace environment, free from harassment of any nature to empower women and protect them against sexual harassment, and as per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ("POSH Act") and Rules made thereunder, we have institutionalized the Anti-Sexual Harassment Initiative (ASHI) framework, through which we address complaints of sexual harassment at the all workplaces of the Company. Our policy assures discretion and guarantees non-retaliation to complainants. We follow a gender-neutral approach in handling complaints of sexual harassment and we are compliant with the law of the land where we operate.

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

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

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:

The Audit Committee consists of the following members:

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

*Mrs. Darshana Pandya, Director & CEO of the Company has been appointed as a Member of the Committee in the Board Meeting held on January 29, 2021.

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

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

No. of Meetings of Audit Committee held during the year: 4

Sr. No.	Date on which Audit Committee Meetings were held	Total Strength of the Committee	No. of Members Present
1	02.06.2020	3	3
2	10.08.2020	3	3
3	10.11.2020	3	3
4	09.02.2021	4	4

In Compliance with the provisions of Companies Act, 2013 and Regulation 22 of Listing Regulations, the Company has established a vigil mechanism and overseas through the Committee, the genuine concerns about unethical behavior expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company. The board has approved a policy for vigil mechanism which has been hosted on the website of the Company. The web-link for the same is https://www.mas.co.in/policy.aspx.

DISCLOSURES PURSUANT TO RBI MASTER DIRECTION:

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

BUSINESS RESPONSIBILITY REPORT:

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

CREDIT RATING:

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 31st July 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.

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

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

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

It is Not Applicable to the Company, during the financial year.

RECOGNITION:

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

ACKNOWLEDGEMENT

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

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

The entire MAS Team deserves the appreciation for their sincere efforts and determination to excel. The core team of MAS plays a pivotal role in articulating and implementing the strategic decisions and thus contributing to the development of the company. 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	**Darshana Pandya**
Chairman and Managing Director	Director & CEO
(DIN: 00044852)	(DIN: 07610402)

Place : Ahmedabad
Date :

Annexure - A

REMUNERATION POLICY

The policy is prepared is in accordance with the provisions of Section 178(3) of the Companies Act, 2013 ('Act') and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Nomination and Remuneration Committee recommended the following remuneration policy relating to the remuneration being paid to Directors, Key Managerial Personnel and other employees, which was approved and adopted by the Board.

- **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 and Listing Regulations. Further remuneration of Other Employees shall be decided/ recommended and approved by the management/ Executive Directors based on company's HR Policy.

  Further following point's needs to be considered while making payment of remuneration to Executive Directors, Key Managerial Personnel and Senior Management:

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

- **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 in line with the provisions of Act. 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 Listing Regulations, the Nomination and Remuneration Committee is required to formulate the criteria for determining qualification, positive attributes and independence of a Director and senior management. The criteria adopted by the Nomination and Remuneration Committee for the aforesaid purpose is as under:

  Qualification:

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

  Criteria for appointing a Director:

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

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

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

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

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

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

Annexure - B

FORM NO. MR- 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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.

Due to current COVID pandemic situation, we have verified the soft copies of records maintained by the Company. Based on our online verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on 31st March, 2021 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, 2021 and verified the provisions of the following acts and regulations and also their applicability as far as the Company is concerned during the period under audit:

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

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

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

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

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

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

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

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

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

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

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

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

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

vi) Reserve Bank of India Act, 1934

We have also examined compliance with applicable clauses of the following

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

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

We further report that:

i) The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes took place in the composition of the Board of Directors during the period under review were carried out in compliance with the provisions of the Act.

ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii) All decisions at Board Meetings & Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

For, **Ravi Kapoor & Associates**
MAS FINANCIAL SERVICES LIMITED

Ravi Kapoor
Company Secretary in practice
FCS No. 2587
C P No.: 2407
UDIN: F002587C000672509

Place: Ahmedabad
Date: 22nd July, 2021

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**
MAS FINANCIAL SERVICES LIMITED

Ravi Kapoor
Company Secretary in practice
FCS No. 2587
C P No.: 2407
UDIN: F002587C000672509

Place: Ahmedabad
Date: 22nd July, 2021

Annexure - C

FORM NO. AOC - 2

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

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

1. **Details of Contracts or Arrangements or Transactions not at Arm's length basis.** MAS Financial Services Limited ("the Company") has not entered into any contract/arrangement/transaction with its related parties, which is not in ordinary course of business or at arm's length during FY 2020-21. 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, 2021**

Sr. No.	Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
1.	MAS Rural Housing & Mortgage finance Limited	Rendering of Services (Agreement for Amenities)	One year	MFSL agrees to provide MRHMFL within the premises the amenities, services, facilities-Usage of commercial premises of MFSL, furnitures & fixtures including computers, telephone lines, networks, use of water and water supply, and other necessary amenities for carrying on business activities smoothly.	MRHMFL is in requirement of the premises, assets and infrastructure which is available with MFSL. So, to fully utilise the premises, MRHMFL has requested MFSL to provide several amenities, services, facilities-Usage of commercial premises for carrying on business smoothly.	03.06.2020	No such amount was paid as advances.	N.A.
2.	MAS Rural Housing & Mortgage finance Limited	Recovery Agreement	Two years	MFSL agrees to collect outstanding instalments and other dues from its customers and agrees to provide the said service under the terms and conditions as set forth in Agreement with MRHMFL.	MRHMFL being a subsidiary company carrying out business of Housing Finance is in requirement of recovery services for collecting there outstanding dues.	09.05.2018	No such amount was paid as advances.	N.A.

Sr. No.	Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
3.	MAS Rural Housing & Mortgage finance Limited	Cross Charge Agreement	One year	MFSL agrees to provide several intellectual services to MAS Rural Housing & Mortgage Finance Limited ("MRHMFL") from the Management of the Company to carry out the operations of the MRHMFL and considering time slot allotted to look into the activities of the MRHMFL, the Company to receive as amount as Cross Charge from MRHMFL.	MRHMFL being subsidiary company of MFSL carrying out business of Housing Finance and being managed by the management of the MFSL, in requirement of carrying out its operations requested for entering into cross charge agreement with MFSL.	06.11.2019	No such amount was paid as advances.	N.A.
4.	M Power Microfinance Private Limited	Rendering of Services	28 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 43,74,709.00 as on 31st March, 2021.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
5.	M Power Microfinance Private Limited	Rendering of Services	28 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 1,66,65,891.00 as on 31st March, 2021.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
6.	M Power Microfinance Private Limited	Rendering of Services	29 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 2,29,15,435.00 as on 31st March, 2021.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
7.	M Power Microfinance Private Limited	Rendering of Services	28 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 74,99,653.00 as on 31st March, 2021.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
8.	M Power Microfinance Private Limited	Rendering of Services	28 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 1,75,00,325.00 as on 31st March, 2021.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
9.	M Power Microfinance Private Limited	Rendering of Services	28 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 2,66,77,049.00 as on 31st March, 2021.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.

Sr. No.	Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
10.	M Power Microfinance Private Limited	Rendering of Services	28 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 2,66,77,047.00 as on 31st March, 2021.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
11.	M Power Microfinance Private Limited	Rendering of Services	23 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 2,62,50,000.00 as on 31st March, 2021.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
12.	M Power Microfinance Private Limited	Rendering of Services	23 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 3,00,00,000.00 as on 31st March, 2021.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.
13.	M Power Microfinance Private Limited	Rendering of Services	73 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 5,06,61,386.00 as on 31st March, 2021.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	N.A.	Nil	N.A.

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

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

Darshana Pandya
Director & CEO
(DIN: 07610402)

Place : Ahmedabad
Date: 22nd July, 2021

Annexure - D

DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND:

- The Objective of this policy is to provide the Dividend Distribution framework to the stakeholders of the Company.
- The Board of Directors shall recommend Dividend according to the provisions of the Companies Act, 2013 and Rules made thereunder and in accordance with the compliance of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable legal provisions.
- Under Section 2(35) of the Companies Act, 2013, "Dividend" includes any interim dividend. In common parlance, "dividend means the profit of a Company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid up on the shares held by them." Dividend can be paid on equity or preference shares both.
- The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting.

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) and web-link shall also be disclosed in the Company's Annual Report and will be available on the website of the Company (www.mas.co.in).

Annexure - E

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

   Corporate Social Responsibility is a Company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large.

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

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

2. **Composition of CSR Committee:**

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

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

*Ceased to be member of Committee from 19th January, 2021
^Mr. Umesh Shah appointed as Chairman of CSR Committee on 29th January, 2021

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

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

   Composition of CSR Committee : www.mas.co.in
   Company's CSR Policy : www.mas.co.in
   CSR Projects' : www.mas.co.in

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

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

6. **Average Net Profit of the Company as per Section 135(5):** ₹ 208,82,02,288.00

7. (a) **Two percent of average net profit of the company as per section 135(5):** ₹ 4,17,64,045.76

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

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

   (d) **Total CSR obligation for the financial year (7a+7b-7c):** ₹ 4,17,64,045.76

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

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
-	-	-	-	-	-

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

1	2	3	4	5		6	7	8	9	10	11	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/No)	Location of the Project		Project Duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation – Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1.	"SHIKSHA PROTSAHAN" - PROMOTING EDUCATION IN RURAL AREAS	Education	Yes	Gujarat	Rural locations of Gujarat	3 Years	Approx 2.30 Crores	Nil	Approx 2.30 Crores	Yes	NA	
2.	MAS MENSTRUAL HYGIENE PROGRAMME (PROMOTING SANITATION IN RURAL AREAS)	Health & Hygiene	Yes	Gujarat	Ahmedabad	3 Years	Approx 5.00 Lakh	Nil	Approx 5.00 Lakh	Yes	NA	
3.	"AROGYA ABHIYAN" - MEDICAL FACILITY TO NEEDY PEOPLE	Health	Yes	Gujarat	Ahmedabad	1 – 3 Years	Approx 1.5 Crores	Nil	Approx 1.5 Crores	Yes	NA	
	TOTAL						**3.85 Crores**	**0.00**	**3.85 Crores**			

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/ No)	Location of the Project		Amount spent for the project (in ₹)	Mode of Implementation – Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	Education and improving well-being at schools	Promoting Education	Yes	Gujarat	Ahmedabad	12,39,794	Yes	Not Applicable	
2.	Food Distribution Drive during COVID Pandemic	Eradicating hunger, poverty and malnutrition	Yes	Gujarat	Ahmedabad	2,63,900	Yes	Not Applicable	
3..	Blood Donation Camp	Promoting Health Care Including Preventive Health Care	Yes	Gujarat	Ahmedabad	1,21,608	Yes	Not Applicable	
4.	Manav Seva Samaj Kalyan Trust	Eradicating hunger, poverty for the people affected by COVID-19 pandemic	Yes	Gujarat	Ahmedabad	5,50,000	No	Direct	Not Applicable
5.	Patel Shardaben Indubhai Ipcowala Charitable Trust	Promoting Education & providing health care services	Yes	Gujarat	Ahmedabad	10,00,000	No	Direct	Not Applicable
6.	Shree Vighneshwari Parivar Charitable Trust	Assisting in Health Care services	Yes	Gujarat	Gandhinagar	25,000	No	Direct	Not Applicable
7.	COVID Help Related Activities	Any Other Projects Permissible under CSR Rules	Yes	Gujarat	Ahmedabad	1,23,799	Yes	Not Applicable	
	TOTAL					**33,24,101**			

(d) **Amount spent in Administrative Overheads: ₹ 18,850/-**

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 33,42,951.00

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

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

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of Transfer	
1.	2019-20	Not Applicable The same will be disclosed from the FY 2021-22.					
2.	2018-19						
3.	2017-18						
	TOTAL						

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing.
Not Applicable The same will be disclosed from the FY 2021-22.								

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

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

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

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

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

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

The Company strives to make the fund utilization to the last mile. During the year, due to COVID – 19 pandemic and lockdown the large section of population across the country were affected and could not meet basic requirement i.e. Food. As part of this drive, raw food packets (groceries) containing all basic necessary food items were supplied to villages of Gujarat i.e. Gunma, Ajrapur, Kuvadra and Vijayanagar (Gandhinagar). Further, the Company has organized various free tests including RT-PCR to Police officials who has been working under life-threatening conditions. The Company also organized a Blood Donation Camp in collaboration with Ellisbridge Police Station and Indian Red Cross Society in order to help Thalassemia patients who thrive for blood transfusions for their survival. Moreover, quality education remains one of the most important CSR missions for the Company; In view of the same, the Company has identified various bright students from more than Thirty (30) schools who wish to pursue higher studies but are not financially sound and financed them for achieving their dreams. In addition, the Company has identified various long term projects of Promoting Education, Sanitisation and Promoting Health and Welfare to ensure overall well-being and higher quality of life for all.

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

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

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

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

Mr. Umesh Shah
Independent Director,
Chairman of CSR Committee
DIN: 07685672

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

Place : Ahmedabad
Date: 22nd July, 2021

Annexure - F

FORM AOC-1

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

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

Part "A": Subsidiaries

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

Sr. No.	Particulars	Details
1.	Name of the subsidiary	MAS RURAL HOUSING & MORTGAGE FINANCE LIMITED
2.	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 2020-2021 (01.04.2020 to 31.03.2021)
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	₹ 32,70,91,138/-
7.	Total assets	₹ 2,84,54,04,435/-
8.	Total Liabilities	₹ 2,30,60,49,257/-
9.	Investments	Nil
10.	Turnover	₹ 35,27,12,632/-
11.	Profit before taxation	₹ 3,78,45,450/-
12.	Provision for taxation	₹ 89,82,213/-
13.	Profit after taxation	₹ 2,88,63,237/-
14.	Proposed Dividend	₹ 70,18,867/-
15.	% of shareholding	59.67%

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

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

Part "B": Associates and Joint Ventures

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

Sr. No.	Particulars	Details
1.	Name of associates/Joint Ventures	N.A.
2.	Latest audited Balance Sheet Date	
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	
6.	Net worth attributable to shareholding as per latest audited Balance Sheet	
7.	Profit/Loss for the year	
	(i) Considered in Consolidation	N.A.
	(ii) Not Considered in Consolidation	N.A.

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

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

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

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

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

Place : Ahmedabad
Date: 22nd July, 2021

Annexure - G

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

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

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

1. **The ratio of remuneration of each director to the median remuneration of employees of the Company for the financial year 2020-21:**

Sr. No.	Name	Designation	Nature of Payment	Ratio against median employee's remuneration
1.	Mr. Kamlesh Gandhi	Chairman and Managing Director	Remuneration	0.00 : 1
2.	Mr. Mukesh Gandhi*	Whole-time Director and Chief Financial Officer	Remuneration	0.00 : 1
3.	Mrs. Darshana Pandya	Director and Chief Executive Officer	Remuneration	9.18 : 1
4.	Mr. Bala Bhaskaran	Independent Director	Sitting Fees	0.95 : 1
5.	Mr. Chetan Shah	Independent Director	Sitting Fees	1.02 : 1
6.	Mr. Umesh Shah	Independent Director	Sitting Fees	0.91 : 1
7.	Mrs. Daksha Shah	Woman Independent Director	Sitting Fees	0.34 : 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 2020-21:**

Sr. No.	Name	Designation	Nature of Payment	Percentage Increase / decrease over previous year
1.	Mr. Kamlesh Gandhi	Chairman and Managing Director	Remuneration	-100.00%
2.	Mr. Mukesh Gandhi*	Whole-time Director and Chief Financial Officer	Remuneration	-100.00%
3.	Mrs. Darshana Pandya	Director and Chief Executive Officer	Remuneration	-25.71%
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	5.07%
9.	Mr. Ankit Jain	Chief Financial Officer	Remuneration	4.38%

- Shri Mukesh Gandhi passed away on January 19, 2021.
- #Independent Directors are paid fixed sitting fees for every meeting attended, amount of the same is not changed during the year.

3. **The percentage increase in the median remuneration of employees in the financial year:** The median remuneration of employees was increased by 10.58% over previous year.

4. **The number of permanent employees on the rolls of the Company:** 719 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 decreased by 1.88% while the Managerial remuneration decreased by 98.59% 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	42.00	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/08/1996	49	-	14,257 shares (0.0261%)	Husband of Mrs. Darshana Pandya
2	Mr. Ankit T. Jain	Chief Financial Officer	28.72	On roll	M.B.A. Finance Has more than 1 decade of experience	01/04/2010	34	-	25 shares (Negligible Holding)	-
3	Mr. Dipak M. Dangar	COO - Retail Asset Channel	28.69	On roll	B.E. Chemical & MBA FinanceHas more than 1 decade of experience	26/05/2008	38	-	4 shares (Negligible Holding)	-
4	Mr. Gaurang Arvindbhai Kasudia	Head - MIS	26.18	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/08/1996	45	-	338 shares (0.0006%)	-
5	Mr. Bhavesh D. Patel	Head - Accounts	25.70	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/04/2004	40	Nishu Accounts Consultancy	338 shares (0.0006%)	-
6	Mr. Nishant Jain	Chief Risk Officer	24.03	On roll	Chartered AccountantHas more than 9 years of experience	03/05/2018	33	Jain Sons Finlease Limited	-	-
7	Mr. Sunil Shah	Head Portfolio	23.96	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/07/1998	50	-	488 shares (0.0009%)	-
8	Mr. Rajen Shashikant Shah	Project In-Charge	19.24	On roll	MCA, B.Sc.Has more than 2 decades of experience	01/09/2003	47	Akar Laminators Limited	120 shares (0.0002%)	-
9	Mr. Dhvanil K. Gandhi	BDM	19.21	On roll	Bachelors in Business Administration Has more than 5 Year of experience	20/07/2011	28	-	34619 shares (0.0633%)	Son of Mr. Kamlesh Gandhi
10	Mr. Ravi Mukeshbhai Shah	Credit Incharge	18.85	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/12/1999	43	-	338 shares (0.0006%)	-

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

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

FOR, MAS **FINANCIAL SERVICES LIMITED**

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

Place: Ahmedabad
Date: 22nd July, 2021

Annexure - H

MANAGEMENT DISCUSSION & ANALYSIS FOR ANNUAL REPORT 2020-21

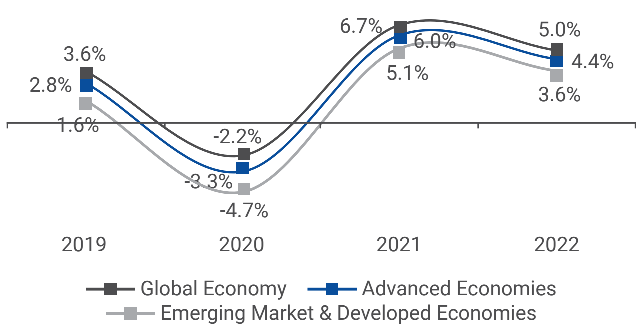
ECONOMIC OVERVIEW

Global Economy

Global economy is gradually recovering from the unprecedented downfall caused by COVID-19 pandemic in 2020. Aggressive and swift monetary, fiscal and financial policies all around the world led to a stronger-than-expected economic recovery across regions in the second half of 2020. The International Monetary Fund (IMF) has estimated global economic growth to have contracted by 3.3% in 2020.

Global economic activity is gaining firmer ground as vaccination drives started gathering momentum in the beginning of 2021. Accordingly, IMF has projected world economy to grow by 6.0% in 2021 and 4.4% in 2022. The recovery is expected to remain uneven and largely varies across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. The enhanced fiscal support announced by some economies in 2021 including the United States and Japan, together with the unlocking of Next Generation EU Fund will provide support to economic recovery. China, India and Turkey have progressed above pre-pandemic levels driven by strong fiscal measures and a recovery in manufacturing and construction. However, the second and third COVID-19 infection waves have necessitated renewed restrictions in many countries. The global outlook remains subject to significant downside risks, which include the possibility of renewed COVID-19 waves in the context of new virus variants, uneven access to vaccines across countries and financial stress amid high debt levels in emerging markets and developed economies.

World Economic Growth (%)



Source: IMF World Economic Outlook, April 2021

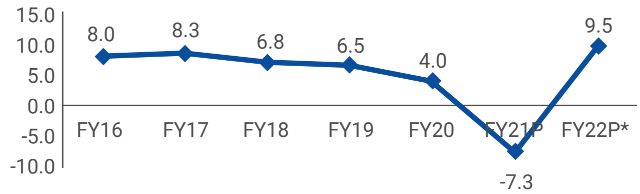
Indian Economy

A slowing Indian economy was hit hard by the COVID-19 outbreak, which brought economic activity to a near standstill in the April-June period of FY 2020-21 due to the nationwide lockdown imposed by the Government. This has significantly derailed the growth track for the Indian economy, however, the Reserve Bank of India (RBI) in its Monetary Policy Committee (MPC) estimated Indian economy to grow by 9.5% in FY 2021-22 on the back of implementation of key structural reforms and the improved fiscal and monetary policies.

As the COVID-19 crisis unfolded, Indian economy contracted by 22.4% in Q1 FY 2020-21 and 7.3% in Q2 FY 2020-21. RBI reduced the repo rate to 4% from 4.4%, and reverse repo rate to 3.35% from 3.75%, in May 2020. Calibrated fiscal and monetary support was provided, cushioning the vulnerable during the lockdown and boosting consumption, investments and injecting ample liquidity in the system. Consequently, GDP growth returned to positive territory in Q3 FY 2020-21 and continued even in the fourth quarter as reflected in improvement in certain key economic indicators. The massive vaccination drive by the Government provided boost to consumer sentiment during the fiscal end.

According to provisional estimates by National Statistical Office (NSO), Indian GDP is estimated to contract by 7.3% in FY 2020-21 as compared to growth of 4.0% in FY 2019-20. A sharp spike in COVID-19 infections during April-May 2021 and attendant lockdown restrictions re-imposed by several states are likely to temporarily delay the recovery.

India Economic Growth (%)



Source: National Statistics Office; FY21 Provisional Estimates dated 31st May, 2021

*RBI Monetary Policy June 2021

INDUSTRY OVERVIEW

Financial Services Industry

Financial services form the backbone of a country's economic growth and development. India has a diversified financial sector and undergoing rapid expansion led by various factors including policy support, improving business fundamentals, product and services innovation and target to severe under-penetrated areas. Credit off-take has been surging ahead over the past decade, supported by strong economic growth, rising disposable incomes, increasing consumerism and easier access to credit.

Financial services in India is made up of commercial banks, insurance companies, non-banking financial corporations (NBFCs), cooperatives, pension funds, mutual funds and other smaller financial institutions. The banking regulator has recently allowed new entities to be formed, such as payment banks, small finance banks etc. thereby adding to the form of entities operating in the sector. However, the sector of financial services in India is primarily the banking sector, and non-banking financial companies, with commercial banks responsible for more than 64% of the total assets held by the financial system.

The bank deposits surged by 11.4% to ₹ 151.13 lakh crore in FY 2020-21, as against 7.9% growth in the previous year despite the decline in interest rate by over a 100 basis points. However, due to sluggish corporate investments, bank credit grew 5.6% to ₹109.51 lakh crore in FY 2020-21 as against 6.1% growth registered in FY 2019-20. Among major sectors, credit to agricultural sector grew significantly – the highest since April 2017. Credit growth to the services sector also remained strong. Credit to the industrial sector, however, contracted marginally, mainly due to a decline in credit to large industries.

NBFCs in India

NBFCs play a critical role in financial intermediation and promoting inclusive growth by providing last-mile access of financial services to meet the diversified financial needs of under-banked customers. NBFCs also provides credit to the micro, small and medium enterprises (MSME) segment and contributes to financial inclusion. There were 9,507 NBFCs registered with the Reserve Bank of India as on January 31, 2021.

During FY 2019-20, the NBFC sector faced headwinds in the aftermath of the payment default crisis in the form of erosion of confidence among investors, rating downgrades and liquidity stress compounded by the COVID-19 pandemic. RBI continued to take sequential regulatory measures to improve access of sufficient liquidity to the NBFC sector. On an overall basis, NBFCs were taking remedial actions including increasing provisions, correcting Asset Liability Management (ALM) profiles, decreasing leverage, etc. Consequently, the consolidated balance sheet of NBFCs gained traction in first half of FY 2020-21 after witnessing a deceleration in FY 2019-20 due to stagnant growth in loans and advances. After September 2020, collections inched closer to pre-COVID levels and growth gathered momentum. But the second wave of COVID-19 has pulled back some of the recovery gains with subsequent impact on asset quality.

Asset quality metrics across the sector will remain supported in FY 2020-21 by the RBI's restructuring schemes, moratorium announced from March'20 to August'20 and economy revival post September 2020. For FY 2021-22, CARE Ratings expects some level of stress, especially in the loan portfolio under restructuring and those which were under moratorium with the impact of these likely to be visible in the next one year. As such, delinquencies are estimated to rise moderately. Moreover, GDP growth is expected at 9.5% and this time around lockdowns so far have been less stringent as compared to last year. Also, businesses in sectors such as construction, mining, infrastructure etc. continue to operate, which will aid growth the credit offtake.

Growth Drivers for NBFCs:

- Customised product offerings
- Leveraging Technology for improved efficiency and enhanced experience
- NBFCs have been tying up with multiple alternative lenders with digital platforms and commercial banks as well, which has been adding to their targeted customer base
- Ensuring enhanced governance through a proactive, robust and agile risk management model
- Introduction of scale-based regulatory framework for NBFCs by RBI. Regulations for most large NBFCs (excluding HFCs) would now be similar to banks with some modifications factoring heterogeneity/target segment
- 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

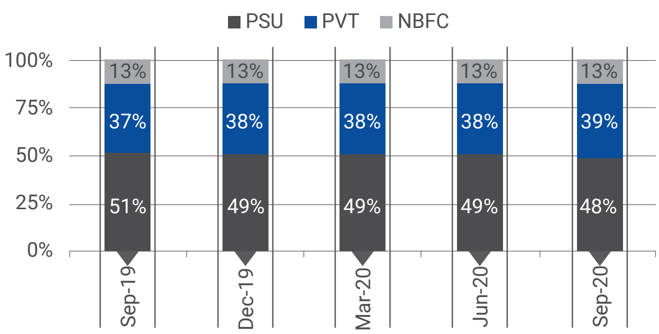
The Micro, Small and Medium Enterprises (MSME) have emerged as an engine of the Indian economy growth. They contribute nearly 30% to India's GDP, 50% to exports and provide employment opportunities to more than 11.1 crore skilled and semi-skilled people. There are approximately 6.33 crore MSMEs in the country. MSMEs are widening their domain across sectors of the economy, producing a diverse range of products and services to meet demands of domestic as well as global markets.

While COVID-19 impacted business activities, a solid response from the Government and the RBI has provided relief to support growth. The year under review, saw new definition of MSME based on turnover, launch of Emergency Credit Line Guarantee Scheme (ECLGS), moratorium provided, restructuring, stressed MSME scheme and current account opening guidelines. Consequently, credit demand has resumed to pre-COVID levels. Keeping in mind the disruption caused by the second wave of COVID-19, the Government has extended the scope of the ECLGS Scheme till September 2021 with disbursements being allowed till December 2021.

Credit growth to MSMEs accelerated at a CAGR of 16.3% during FY 2016-17 - FY 2019-20 period. COVID-19 pandemic has brought many behavioural changes in the MSME lending ecosystem. The customer behaviour, customer profile and lenders response to the evolving situation has changed the dynamics of MSME Lending. Credit infusion to MSMEs declined sharply post the lockdowns due to COVID-19 pandemic. The ECLGS scheme implementation brought the much-needed boost and significantly helped in reviving credit infusion to MSMEs post its announcement in May 2020. The Union Budget has doubled the allocation to MSMEs to ₹15,700 crore for the next financial year 2021-22.

As per the latest MSME Pulse report by TransUnion CIBIL, total on-balance sheet commercial lending in India stood at ₹ 71.25 lakh crore in September 2020. MSME segment's credit exposure was at ₹ 19.1 lakh crore as of September 2020 registering YoY growth of 5.7% with better trends witnessed in the Micro segment (8-9% YoY), aided by ECLGS disbursements. Public Sector Banks (PSUs) have taken a lead in MSME loan originations since April'20 and gained market share. However, recent inquiry trends suggest that Private Banks (PVT) are inching back to pre-COVID levels, with 22% YoY growth in enquiries versus 9% growth for PSUs in December 2020.

Proportionate share across lenders in MSME Segment

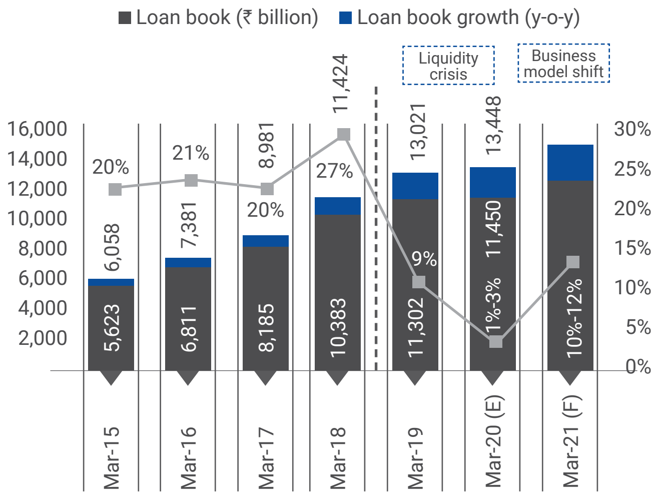


Source: MSME Pulse report by TransUnion CIBIL – February 2021

Housing Finance

Housing and real estate play a pivotal role in setting the trend for economic growth. Long-term growth drivers that put housing demand on a strong footing going forward include, increasing urbanization, low mortgage penetration in India, favourable demographics, rising disposable income, and tax incentives (interest and principal repayments are eligible for tax deduction). Moreover, affordability has improved over the years, given annual income has been on an upward trajectory while property cost has been fairly stable since 2015. This was further supported by lowest ever mortgage rates.

Trend in AUM & loan book growth of HFCs



E: Estimate, F: Forecast

Source: NHB, BWR Research

The Housing Finance Companies (HFCs), which were already facing growth moderation and asset quality woes witnessed an even more challenging operating environment in FY 2020-21 due to the COVID-19 induced disruptions. HFCs maintained a cautious stance towards loan disbursements during the lockdown period, keeping loan growth for HFCs muted. The on-book portfolio growth for HFCs moderated to 4.3% in 9M FY 2020-21 from portfolio growth of 6% (Y-o-Y) in FY 2019-20. However, with the opening-up of the economy there was gradual pick-up in disbursements in second half of FY 2020-21 and most of the HFCs have already reached near pre-COVID level disbursements. Consequently, as per the ICRA Rating agency, HFCs are likely to witness a growth rate of 8%-10% in FY 2021-22.

HFCs reported gross non-performing assets (GNPA) of around 2.7% as on December 31, 2020 as compared to reported GNPA of 2.4% as on March 31, 2020. ICRA estimates the reported GNPAs for FY 2020-21 to be higher by 50-100 basis points, compared to FY 2019-20, and the same to remain elevated in FY 2021-22 as well. Asset quality for the affordable HFCs remains weaker as customers in this segment are more susceptible to economic downturns with their income being closely linked to economic performance. Post the transfer of regulation of HFCs to RBI, HFCs are to be treated as one of the categories NBFCs for regulatory purposes. This regulatory convergence will provide level playing field to HFCs and NBFCs, discouraging or eliminating scope for regulatory arbitrage and hence will benefit the HFC.

Automobiles

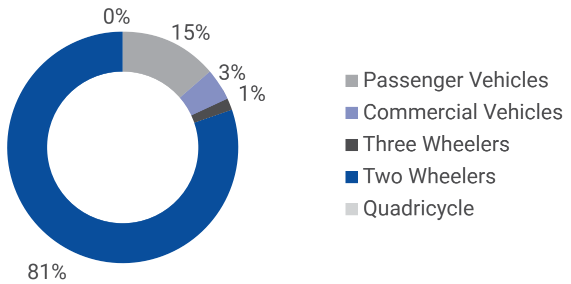
According to Society of Indian Automobile Manufacturers (SIAM), the automobile industry produced a total of 22,652,108 vehicles including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadricycles in FY 2020-21 as against 26,353,293 vehicles in FY 2019-20, registering a de-growth of 14.0% over the same period last year.

Automobile Production Trends

Category	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Passenger Vehicles	3,465,045	3,801,670	4,020,267	4,028,471	3,424,564	3,062,221
Commercial Vehicles	786,692	810,253	895,448	1,112,405	756,725	624,939
Three Wheelers	934,104	783,721	1,022,181	1,268,833	1,132,982	611,171
Two Wheelers	18,830,227	19,933,739	23,154,838	24,499,777	21,032,927	18,349,941
Quadricycle	531	1,584	1,713	5,388	6,095	3,836
Grand Total	**24,016,599**	**25,330,967**	**29,094,447**	**30,914,874**	**26,353,293**	**22,652,108**

Source: SIAM

Domestic Market Share – Production-wise



Source: SIAM

The automobile sector faced significant challenges during FY 2020-21, owing to the pandemic, which led to supply chain disruption, manufacturing slowdown and declining consumer demand. The sector witnessed uncertainty in the value chain, due to lockdowns and issues relating to supply of semiconductors and higher prices of raw material. Further, safety and social distancing compulsions are forcing consumers to avoid showroom visits, leading to rapid adoption of digitalisation and contactless vehicle buying experience.

Automobile Sales Trends

Category	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Passenger Vehicles	2,789,208	3,047,582	3,288,581	3,377,389	2,773,519	2,711,457
Commercial Vehicles	685,704	714,082	856,916	1,007,311	717,593	568,559
Three Wheelers	538,208	511,879	635,698	701,005	637,065	216,197
Two Wheelers	16,455,851	17,589,738	20,200,117	21,179,847	17,416,432	15,119,387
Quadricycle	0	0	0	627	942	-12
Grand Total	**20,468,971**	**21,863,281**	**24,981,312**	**26,266,179**	**21,545,551**	**18,615,588**

Source: SIAM

According to CARE Ratings, asset quality of Commercial Vehicle financiers which had moderated in FY 2019-20 has witnessed improvement during the nine months ended December 2020 (9MFY 2020-21) supported by extension of moratorium to borrowers during March 2020 to August 2020, tightening of collection processes and better growth in economic activity during second half of FY 2020-21.

The intensity of the second wave of COVID-19 pandemic is likely to take a toll on the country's domestic automobile sector which was poised for a strong double digit growth in FY 2021-22 over the low base of FY 2020-21. The biggest headwind for the industry is the spread of the virus to smaller towns and villages this time in addition to the sustained impact on disposable income and rising cost of vehicles. ICRA expects two-wheeler segment growth will be in the range of 10%-12%, passenger vehicles, growth would be 17%-20% and for commercial vehicles it would be 21%-24%.

COMPANY OVERVIEW

MAS Financial Services Limited (hereinafter referred as 'MAS'/'the Company') is an Ahmedabad-based diversified Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India (RBI). Incorporated in 1995, the Company is engaged in providing specialised retail financing services to the lower income and middle-income groups of the society. Since over two decades, the Company primarily caters 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 to satisfy the varied needs of customers. 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

The Company has established a strong distribution network and believes in offering best-in-class services at the doorstep of its customers. The Company has presence across Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu, Karnataka & Delhi NCT with around 99 branches. The well-entrenched network enables the Company to serve underserved masses and capture a significant share of the untapped demand in the hinterlands ensuring last-mile delivery of credit.

Leveraging on its in-depth market knowledge, the Company has established long-standing working relationships with MFIs, HFCs and other NBFCs focussed on similar products. The Company has developed strong value chains to extend its financial services to the underpenetrated regions and Bottom of the Pyramid (BOP) segment. The aim of the Company is to decrease informality in the sector by leveraging the distribution network of these channel partners.

As on 31st March 2021, MAS caters to 700,000+ active customers in more than 3,478 centres through its robust network of 99 branches.

Partnerships with Regional NBFCs and NBFC-MFIs

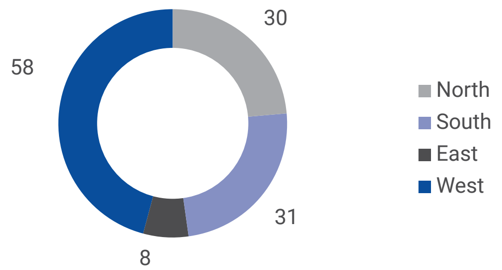
Over the years by strategically partnering with NBFCs and NBFC-MFIs, the Company has built a strategic partnership model ensuring success not only for the Company but also for its partners, and customers. The partners can leverage the Company's domain expertise and avail lines of credit offered, thereby undertaking last mile credit delivery more effectively, and building stronger networks and customer trust. Likewise, the Company can improve its customer base without sufficient investments in physical infrastructure by leveraging on partner NBFCs operational efficiency and customer relationships in relatively remote areas of India, while the target clients gain access to formal financial sector as per their requirements.

In addition to the direct sales team, MAS has entered into commercial arrangements with a large number of sourcing intermediaries including commission-based Direct Selling Agents (DSAs) as well as sourcing partners where part of a loan default is guaranteed by such sourcing partners. These revenue-sharing arrangements act as a relatively stable revenue source for such sourcing partners and are therefore attractive to them. As of 31st March 2021, MAS had 290 sourcing intermediates for its Commercial Vehicle Loans and 314 for its Two-Wheeler Loans.

The unique and robust distribution network through partnership with NBFCs and NBFC-MFIs has enabled the Company to scale business rapidly, strengthened its presence pan-India and at the same time mitigating the risk of overdependence. This model helps to keep both operating expenditure and credit quality under control as the NBFC partner bears both the cost of sourcing the end-customer and bears the risk of default. As of 31st March 2021, the Company has 127 strategic partner NBFCs.

In FY 2020-21, AUM through partnership business stood at ₹ 3,141.55 crore, growing at a CAGR of 19.87% from ₹ 1,269.23 crore in FY 2015-16. Out of the 127 partners in FY 2020-21, 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. Moreover, majority of our partners maintained a healthy Capital Adequacy Ratio (CAR) of more than 20%, which is well above the threshold limit.

Region-wise NBFCs and NBFC-MFIs Partners - FY 2020-21



BUSINESS PERFORMANCE

MAS offers a diverse range of financial products and services targeted at the low and middle income customer segments.

MSME Loans - Product Offerings

Micro-Enterprise Loan (MEL)

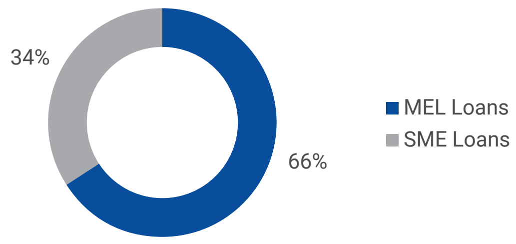
- Loans to small enterprises spread across 190 business categories including retailers, traders, small manufacturers, and service providers.
- Loan ticket size ranges from ₹ 0.5 lakh to ₹ 10.0 lakhs.

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.
- Loan ticket size ranges from ₹ 10 lakhs to ₹ 3 crore.

KEY HIGHLIGHTS: FY 2020-21

Committed to serving the financial services needs of micro, small and medium enterprises, in FY 2020-21, MAS provided loan amounting to ₹ 2,951.61 crore.



As on 31st March 2021, AUM for MSME loans business stood at ₹ 4,842.90 crore as compared to ₹ 5,411.33 crore as on 31st March 2020.

Two-Wheeler and Commercial Vehicle Loans

Two-Wheeler Loans

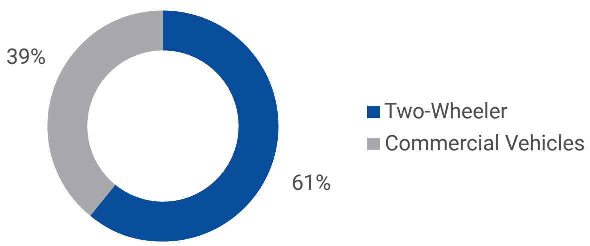
- Loans offered to farmers, self-employed businessmen and professionals, and salaried customers to purchase two-wheelers in urban, semi-urban, and rural areas.
- Loan ticket size ranges from ₹ 25,000 to ₹ 1.50 lakhs.

Commercial Vehicle Loans

- 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 ₹ 33,000 to ₹ 15 lakhs.

KEY HIGHLIGHTS: FY 2020-21

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 2020-21, MAS provided loan amounting to ₹ 301.89 crore.



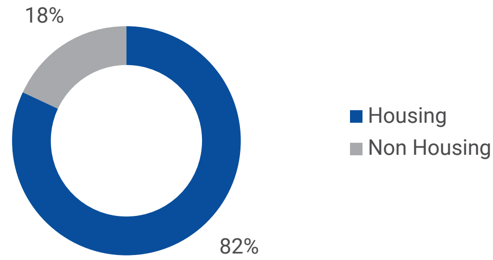
Assets under Management for Commercial Vehicle and Two-Wheeler Loans stood at ₹ 529.61 crore as on 31st March 2021 in comparison to ₹ 554.95 crore as on 31st March 2020, plunging year-on-year by 4.57%.

Housing Loans

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

KEY HIGHLIGHTS: FY 2020-21

In FY 2020-21, MRHMFL provided housing loan amounting to ₹ 50.42 crore. The disbursement was affected by the ongoing pandemic coupled with the cautious approach of the company following the dictum of extending credit where it is due.



As on 31st March 2021, AUM for MRHMFL business stood at ₹ 284.90 crore as compared to ₹ 286.54 crore as on 31st March 2020.

FINANCIAL PERFORMANCE

(Amount in ₹ Lakhs)

Particulars	Standalone		Consolidated	
	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
Revenue from Operations	59,218.31	67,200.09	62,698.03	70,965.41
Other Income	170.59	71.75	73.20	35.91
Total Income	**59,388.90**	**67,271.84**	**62,771.23**	**71,001.32**
Total Expenditure	**40,099.61**	**44,455.64**	**43,174.32**	**47,973.48**
Profit Before Tax	**19,289.29**	**22,816.20**	**19,596.91**	**23,027.84**
Provision for Taxation (Including Current tax, Deferred Tax & Income Tax of earlier Years)	4,938.99	6,160.85	5,044.48	6,219.16
Net Profit	**14,350.30**	**16,655.35**	**14,552.43**	**16,808.68**
Profit Brought Forward	28,104.57	22,694.05	28,381.53	22,945.28
Net Profit after profit attributable to minority shareholders	-	-	14,436.01	16,739.40

(Amount in ₹ Lakhs)

Particulars	Standalone		Consolidated	
	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
Item of other comprehensive income recognised directly in retained earnings - on defined benefit plan	50.15	(22.21)	54.03	(24.05)
Transition impact of Ind-AS 116	-	(10.31)	-	(12.45)
Profit Available for Appropriation	**42,505.02**	**39,316.88**	**42,871.57**	**39,648.18**
APPROPRIATIONS:				
Transfer to reserve u/s 45-IC of RBI Act, 1934	2,870.06	3,564.26	2,870.06	3,564.26
Transfer to reserve u/s 29-C of NHB Act, 1987	-	-	66.83	53.04
Final Dividend on equity shares	-	1,967.83	-	1,967.83
Interim Dividend on Equity Shares	-	4,372.96	-	4,372.96
Dividend distribution tax on Equity Shares	-	1,307.26	0.32	1,308.56
Surplus Balance carried to Balance Sheet	**39,634.96**	**28,104.57**	**39,934.36**	**28,381.53**

Note: For more transparent and fair representation, on de-recognition of financial assets (assigned loans), the gain has been recognized as deferred revenue i.e. "Interest Receivable on loan transfer transactions" (Other Non-Financial Liabilities) in place of Retained earnings which is amortized over the maturity of the financial assets derecognized (assigned loans) in place of recognizing gain upfront through profit & loss statement as made applicable while migrating to IND AS. The necessary adjustments are done accordingly for all the related period ensuring that the assets are recognized at fair value in lines with the IND AS requirement, and the gains would be amortized over the maturity of assets.

Details of significant changes in Key Financial Ratios

During FY 2020-21, Return on Average Assets (ROTA) and Operating Expense Ratio (OE Ratio) witnessed a change exceeding 25% or more as compared to the immediately previous financial year. The cognisable change in the key financial ratios on a comparable basis can be contributed to the ongoing global health crisis affecting the real economy severely. However, the Company was conscious and could deliver such financial results which strengnthned the financial fundamentals of the Company. The Company through its prudent operational management could reduce the operating expenditure substantially.

Details of changes in Return on Net Worth

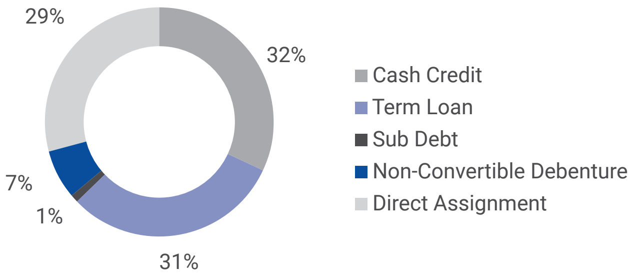
For FY 2020-21, the Company could generate the return on Networth of 14.65% despite of the severe headwinds faced during the year due to the ongoing pandemic. The return on networth stood at 19.30% in FY 2019-20.

LIABILITY MANAGEMENT

Liability management is of utmost importance at MAS. Over the years, the Company has established strong bonds and long-standing relationship with leading banks and various financial institutions. It intends to leverage its strong reputation, fund management experience and expertise to deliver benefits for its clients and value for its stakeholders. Prudent liability management has enabled the Company to tide over the challenges in the industry as well as raise adequate liability as per regulatory requirements.

The Company continued to efficiently manage its Asset Liability Management (ALM) with a strategy of a judicious mix of borrowings between term loans, debentures, direct assignment and cash credit. As on 31st March 2021, the total borrowings of the Company stood at ₹ 3,660 crore. Around 75% of the asset portfolio comprises of MSME loans, which qualifies as Priority Sector Lending. Over the years the Company has maintained around 30% to 40% of AUM as off book through direct assignment transactions, which is with door-to-door maturity and without recourse to the Company. This further strengthens the liability management.

Source of Fund as on 31st March 2021



As a prudent practice, MAS has been maintaining higher cash credit limits from banks than it needs and does not utilize more than 65%-70% of these limits. As on 31st March 2021, the Company had liquidity buffer of around ₹ 1,000 crore and unutilised Cash Credit facility of around ₹ 325 crore. In addition, the Company has sanction on hand to the tune of ₹ 1,000 crore in the form of Term Loan, NCD and Direct assignment.

The Company has also assessed its structural liquidity for the period ended 31st March 2021 and based on the assessment there is no negative impact on liquidity and the cash flow. The Company has also stress tested its liquidity model and is comfortably placed to meet its repayment obligations for the entire year.

RESOURCE MOBILISATION

- Share Capital

  As on 31st March 2021, the issued and paid-up Equity Share Capital of the Company maintained at ₹ 54.66 crore consisting of 5.46 crore Equity Shares of ₹ 10 each.

- Term Loan
  For FY 2020-21, the Company availed term loans amounting to ₹ 914 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 2020-21, the Company assigned a part of its loans portfolio amounting to ₹ 938.33 crore through various agreements with assignees.

- Non-Convertible Debentures (NCDs)
  For FY 2020-21, the Company issued 6500 Rated, Senior Listed, Transferable, Redeemable, Principal Protected Market-linked Non-Convertible Debentures (Market-linked NCDs) of face value of ₹ 100,000, aggregating up to ₹ 65 crore.

- Commercial Paper (CP)
  For FY 2020-21, the Company had not issued any Commercial Paper (CP) or any short-term instrument.

CREDIT RATINGS

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

Acuité Ratings & Research

- Acuité has reaffirmed its long-term rating of 'ACUITE AA-' (read as ACUITE double A minus) on the ₹ 4,200 crore bank facilities with 'Stable' Outlook.
- Acuité has reaffirmed its long-term rating of 'ACUITE AA-' (read as ACUITE double A minus) on the ₹ 300 crore Non-Convertible Debentures with 'Stable' Outlook.
- Acuité has reaffirmed its short-term rating of 'ACUITE A1+' (read as ACUITE A one plus) on the ₹ 300 crore Commercial Paper Programme.

CARE Ratings

- CARE has reaffirmed its rating of CARE A+ (read as Single A Plus) on the ₹ 4,500 crore Long Term Bank Facilities with 'Stable' Outlook.
- CARE has reaffirmed its rating of CARE A+ (read as Single A Plus) on the ₹ 500 crore Non-Convertible Debenture (NCD) Issue with 'Stable' Outlook.
- CARE has reaffirmed its rating of CARE A1+ (read as A One Plus) on the ₹ 250 crore Commercial Paper Issue.
- CARE has assigned its rating of CARE PP-MLD A+ (read as Principal Protected-Market Linked Debentures Single A Plus) on the ₹ 75 crore Principal Protected Market Linked Debenture (MLD) Issue with 'Stable' Outlook.

CAPITAL MANAGEMENT

The Company follows a prudent capital management strategy and continuously works towards maximising returns on capital employed. At the same time, it also ensures that all its strategies are 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

Risk management is an integral part of the Company. Risks may emerge from within the Company, due to its operations and strategy, or from external factors. The risk management measures broadly include risk assessment, risk catalogue, risk appetite framework, risk planning, risk culture, internal controls and good governance. The Company clearly defines risk appetite, functional policies and key risk indicators (KRIs) to explicitly define the level and nature of risk that it is willing to take. The Company has a risk management structure that proactively identifies the risks, implementing robust risk mitigation measures and continuous review of the same.

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company. MAS has developed customised credit analysis procedures for each product depending on the nature of the customer, purpose of the loan and the amount of loan advanced. The risk and collection department continuously align credit and collection policies and resourcing, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle management team. Further, MAS maintains sufficient spreads, offers relatively short tenure loans and resets lending rates periodically to mitigate the risk of interest rate volatility.

At the end of FY 2020-21, the net NPAs of the Company stood at 1.52% of total AUM.

The Company extends loans for an average tenure of 26 months. Besides, MAS has a well-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. Moreover, the Company on a regular basis tracks the market developments and undertakes appropriate actions whenever required.

OPPORTUNITIES & THREATS

Opportunities

- Well diverse loan book and pan-India presence to accelerate growth
- Unique Business Model helps to minimize risk and operating cost
- Adequate capitalisation to support medium-term growth plans
- Brand recognition among lower income and middle income groups of the society spread across urban, semi urban, and rural areas

- Operates in underpenetrated business segment with huge growth potential
- Successful track record of catering to the MSME sector
- Initiatives by the Government to further boost MSME sector

Threats

- Unpredicted Government policy reforms
- Increasing competition from local and global players
- Higher exposure to semi-formal and informal sector

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Being in the lending business, MAS realises that adequate internal controls and standardising operational processes is the key to protect assets and business efficiency. The Company has established strong and well embedded internal control procedures commensurate with its size and operations. The internal financial controls have been developed and implemented at each business process across the Company ensuring strict adherence and compliance with statutes and laws. Checks & balances and control systems have been established to ensure that assets are safeguarded, utilized with proper authorization and recorded in the books of account.

The Company takes a complete view of the credit assessment process by framing credit screens based on reliable demographic data and strict adherence of the same with an element of adaptability. At the same time, there is no compromise on the fundamentals of extending credit, where it is outstanding. The Company aims to further strengthening its due diligence, audit process, evaluation and the exposure matrix for all the NBFCs partners. Internal controls also include regular monitoring of operational expenditure with an endeavour to bring it down through improved efficiencies. The efficacy and adequacy of internal controls and their execution are driven by the ethos of striving for constant improvement.

The Company's Audit Committee reviews the internal control system and looks into the observations of the statutory and internal auditors. This includes review of policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business and fixing responsibility against all the controls. The design assessment was followed up by the management testing of the controls across processes and redressal of any deviations in business operations. The Audit function provide reasonable assurance regarding the effectiveness and efficiency of operations, safeguarding of assets, reliability of financial records and reports and compliance with applicable laws and regulations.

HUMAN RESOURCES

The Company believes that human resources are the most important assets responsible for the growth of the Company. Its HR policies provide a work atmosphere that leads to employee satisfaction, determined motivation and a high retention rate. The Company consistently reviews its business and people policies to improve ways of working. MAS has established robust talent management practices, development interventions, productivity improvement initiatives and reward mechanisms, thereby enabling achievement of organizational goals and key milestones through retaining people.

MAS is committed to nurturing, enhancing and retaining talent through superior Learning & Organizational Development. The promoters abide by the highest standards of corporate governance and are proactively involved in the management of the Company, with strategic inputs from a well-diversified and competent board. Furthermore, the senior management team of the Company consists of experienced professionals who have been in the lending business and have been associated with MAS since its inception. 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 2021, the employee strength of the Company stood at 719.

OUTLOOK

NBFCs are important constituents of the overall financial sector. There is increasing need of financing by Indians on the back of favourable demographics, increasing incomes, and growing awareness and aspirations. NBFCs play an important role in promoting inclusive economic growth by extending low-cost credit to informal and smaller micro, small and medium enterprises (MSMEs) and underserved retail customers, which are the backbone of India's growth story.

NBFCs contribute significantly to economic development through mobilisation of resources, capital formation, provision of long-term credit and specialised credit, employment generation, the development of financial markets, and driving consumption demand in the economy. Based on a deep understanding of the sector and know-how of the local market, NBFCs have driven credit growth in unorganised markets, where banks have traditionally been unwilling to lend. They have developed efficient loan processing capabilities and digital capabilities to boost sales productivity. By customising products to match customer needs, enriching customer interactions and deepening customer relationships, NBFCs have emerged as the preferred lender in such markets.

The NBFC segment is expected to gain positive momentum in FY 2021-22 as the sector builds on the massive recovery efforts of the last few months. Due to the revival in economic activities, overall loan disbursement and cash flows in the segment have improved and borrowers have started repaying their loan instalments. COVID-19 pandemic has led NBFCs leveraging technology and redoubled efforts on the digital side. Many NBFCs are now offering both the digital and physical options to their borrowers for repayments. The sector is expected to slowly pick up pace in the medium-to-long term as the initiatives by Government and RBI helped in alleviating the constraints in the sector and paved way for the return of market confidence. However, access to adequate funding remains critical to the sector's revival as NBFCs continue to be impacted by moderate growth, increased competition and high credit costs.

MAS primarily lends to the underserved areas with minimal or no access to formal sources of credit. The Company is well placed for sustainable and profitable growth due to its diversified loan book, adequate capital, highly competent and experienced management and continual focus on asset quality and profitability. MAS will continue to derive benefit of wider reach and better returns from its distinct business model of partnering with NBFCs and disbursing loans to customers through these NBFC partners with pan-India presence. The Company will also explore the potentiality of entering into new geographies. With a Tier I capital adequacy ratio of 24.81% and total capital adequacy of 26.85%, the Company has sufficient liquidity, while maintaining additional provisioning buffer will enable the Company to navigate the current unprecedented situation successfully and regain its growth trajectory once the economy normalizes.

DISCLOSURE OF ACCOUNTING TREATMENT

The Company opted a prudent practice of amortising the income over the tenure of loans assigned instead of booking it upfront. This practice in management's view ensures true and fair financial position of the company. The same is a deviation from the Ind AS 109 'Financial Instruments' but according to the management well within the framework of IND AS 1 para 19 and 20 and also the practice as per the RBI directive circular no. DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012 which was prudently practiced before the implementation of IND AS.

Please refer note 30 of the standalone financial statements for detailed explanation.

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of MAS, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Company's Annual Report FY 2020-21.

Annexure - I

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as applicable, with regard to corporate governance and the Regulations of RBI for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 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 six (6) Directors out of which one (1) is Promoter Executive Director, one (1) is Woman Executive Director, one (1) is Woman Independent Director and Three (3) are Independent Directors as on March 31, 2021, the details of which are as below:

Name of Directors	Designation	Category	Date of Appointment	Total Directorship including this Company	No. of Committee Membership/ chairman in other Domestic Companies including this Company^		No. of Equity Shares held as on March 31, 2021
					Chairman#	Members ##	
Mr. Kamlesh Chimanlal Gandhi	Chairman & Managing Director (Promoter)	Executive Director	25/05/1995	5	-	-	62,86,833
Mrs. Darshana Saumil Pandya	Director & CEO	Executive Director	23/09/2016	4	-	3	15,434
Mr. Balabhaskaran	Independent Director	Non - Executive Director	25/05/1995	4	3	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	10	-	2	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:

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
Mr. Umesh Shah	1. Audit Committee – MAS Financial Services Limited
Mr. Chetan Shah	1. Audit Committee – MAS Financial Services Limited 2. Stakeholder Relationship Committee – MAS Financial Services Limited 3. Audit Committee – MAS Rural Housing & Mortgage Finance Limited
Mrs. Darshana Pandya	1. Audit Committee – MAS Financial Services Limited 2. Stakeholder Relationship Committee – MAS Financial Services Limited 3. Audit Committee – MAS Rural Housing & Mortgage Finance Limited

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

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

None of the Directors on the Board holds directorships in more than 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 MEETINGS:

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

During the year under review, Board of Directors of the Company met 6 (Six) times, viz June 03, 2020, June 16, 2020, August 12, 2020, November 11, 2020, January 29, 2021 and February 10, 2021.

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 (2020-21)	No. of Board Meeting attended during the year (2020-21)	Attended the previous AGM (Yes or No)
Mr. Kamlesh C. Gandhi	6	6	Yes
Mr. Mukesh C. Gandhi*	6	4	Yes
Mrs. Darshana S. Pandya	6	6	Yes
Mr. Balabhaskaran	6	6	Yes
Mr. Chetan R. Shah	6	6	Yes
Mr. Umesh R. Shah	6	6	Yes
Mrs. Daksha N. Shah	6	6	Yes

*Shri Mukesh Gandhi passed away on January 19, 2021.

Directorship & Membership of Board / Committees:

Name of Directors	Directorship	Category	*No. of Committees
Mr. Kamlesh Chimanlal Gandhi	1. MAS Financial Services Limited#	Executive Director	-
	2. MAS Rural Housing & Mortgage Finance Limited	Executive Director	-
	3. Prarthna Marketing Private Limited	Executive Director	-
	4. Swalamb Mass Financial Services Ltd	Executive Director	-
	5. Finance Industry Development Council	Non-Executive Director	-
Mrs. Darshana Saumil Pandya	1. MAS Financial Services Limited#	Executive Director	Audit Committee – Member SRC - Member
	2. MAS Rural Housing & Mortgage Finance Limited	Executive Director	Audit Committee - Member
	3. Swalamb Mass Financial Services Ltd.	Executive Director	-
	4. Prarthna Marketing Private Limited	Executive Director	-
Mr. 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	Audit Committee – Member
	5. Sadbhav Udaipur Highway Private Limited	Non - Executive Director	-
	6. Rohtak – Panipat Tollway Private Limited	Non - Executive Director	-
	7. Rohtak – Hissar Tollway Private Limited	Non - Executive Director	-
	8. Sadbhav Jodhpur Ring Road Private Limited	Non - Executive Director	-
	9. Sadbhav Kim Expressway Private Limited	Non - Executive Director	-
	10. Maharashtra Border Check Post Network Limited	Non - Executive Director	Audit Committee – Member

*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:

<table>
<tr><th>Sr. No.</th><th>Name of the Directors</th><th>Skills/Expertise identified by the Board</th><th>Specialization</th></tr>
<tr><td>1.</td><td>Mr. Kamlesh C. Gandhi</td><td rowspan="5">• Integrity,
• Ability to function as Team,
• Leadership Quality,
• Commitment
• Future Vision & Innovation</td><td>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.</td></tr>
<tr><td>2.</td><td>Mrs. Darshana S. Pandya</td><td>She is having vast experience in Finance sector for past 24 years. She is a commerce graduate who joined the Company in 1996 as a junior executive and through her hard work, immaculate working and determination to excel, accompanied by enabling support from the management; rose to the level of Director & CEO. She is very dedicated towards her roles & responsibilities. She is having good exposure in the Finance sector. During her career span, she has successfully established and led many innovative services which have led the organization grow. (i.e. created value in the organization). She is responsible for leading the operations at MAS and also the relationship of the company with its more than 100 NBFC-MFI & NBFC Partners.</td></tr>
<tr><td>3.</td><td>Mr. Balabhaskaran</td><td>He has over 24 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.</td></tr>
<tr><td>4.</td><td>Mr. Chetan R. Shah</td><td>He has over 35 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.</td></tr>
<tr><td>5.</td><td>Mr. Umesh R. Shah</td><td>He has more than three decades of experience in the diversified fields connected with Finance, Accounting, Auditing and Taxation. He is Bachelor of Commerce and Chartered Accountant holding membership of the Institute of the Chartered Accountants of India (ICAI).

The Company is benefitted from the valuable experience, knowledge and Expertise Mr. Umesh R. Shah.</td></tr>
</table>

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

In the opinion of the Board, the independent directors fulfill the conditions specified in Listing Regulations and are Independent of the Management.

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

Independent Directors and Evaluation of Directors and the Board:

In terms of Section 149 of the Companies Act, 2013 and rules made there under, the Company has Four Independent Directors in line with the Companies Act, 2013 and the provisions of Listing Regulations. The terms and conditions of appointment of Independent Directors and Code for Independent Directors are hosted on the website of the Company at www.mas.co.in. The Company has received necessary declaration from each Independent Directors under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 alongwith in compliance in Rule 6 (1) and (3) of Companies (Appointment and Qualifications of Directors) Rules, 2014 as amended from time to time and Regulation 25 (8) & (9) of Listing Regulations.

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

A separate meeting of Independent Directors was held on March 18, 2021 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 Six (6) programmes during the year 2020-21 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 June 02, 2020, August 10, 2020, November 10, 2020 and February 09, 2021.

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 2020-21	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	4
Mr. Chetan Shah	Member	4	4
Mr. Umesh Shah	Member	4	4
Mrs. Darshana Pandya*	Member	4	1

*The Board has appointed Mrs. Darshana Pandya as a Member of the Audit Committee in their meeting held on January 29, 2021.

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

Mr. Balabhaskaran, the Chairman of the Audit Committee had attended last Annual General Meeting of the Company held on December 09, 2020.

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

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

A. Broad terms of Reference:

The role of the audit committee shall include the following:

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

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

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

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

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

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

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

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

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

  (f) disclosure of any related party transactions;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. management discussion and analysis of financial condition and results of operations;

2. statement of significant related party transactions (as defined by the audit committee), submitted by management;

3. management letters / letters of internal control weaknesses issued by the statutory auditors;

4. internal audit reports relating to internal control weaknesses; and

5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

6. statement of deviations:

   a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

   b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

B. Nomination and Remuneration Committee:

The Company has formed Nomination and Remuneration Committee in line with the provisions Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations. Nomination and Remuneration Committee meetings are generally held for identifying the person who is qualified to become Director or Key Managerial Personnel and may be appointed in senior management and recommending their appointments and removal and also to review key result areas and key performance expected from the directors during the quarters and to review remuneration paid to the directors, key managerial personnel and senior management team. During the year under review, the members of Nomination and Remuneration Committee met 4 (Four) times on June 02, 2020, August 12, 2020, November 11, 2020 and February 09, 2021.

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 2020-21	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	4
Mr. Chetan Shah	Member	4	4
Mr. Umesh Shah	Member	4	4

Broad terms of reference:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. devising a policy on diversity of board of directors;
4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. recommend to the board, all remuneration, in whatever form, payable to senior management.

Remuneration of Directors:

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

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

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

Sr. No.	Name of Directors*	Designation	Component of payment	Remuneration paid (₹ In lakh)
1.	Mr. Kamlesh Gandhi	Chairman & Managing Director	Salary	Nil
2.	Mr. Mukesh Gandhi	Whole-Time Director & CFO	Salary	Nil
3.	Mrs. Darshana Pandya	Director & CEO	Salary	34.22

* looking at the scenario due to the pandemic and the financial implications on the business of the Company and on the overall economy, Mr. Kamlesh Gandhi, Chairman & Managing Director and late Shri Mukesh Gandhi, Whole-time Director & CFO of the Company, have voluntarily relinquished their salaries for the Financial Year. Further, Mrs. Darshana Pandya, Director & CEO of the Company, had voluntarily relinquished her 20% of salary starting from the month of August, 2020 till February, 2021. The said waiver of salary was taken as a precautionary step for safeguarding company's interest and as a proactive measure for monitory relief from the continuous adverse implications of Covid-19 until the market conditions were stabilized.

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

Sr. No.	Name of Directors	(₹)
1.	Mr. Bala Bhaskaran	2,50,000
2.	Mr. Chetan Shah	2,70,000
3.	Mr. Umesh Shah	2,40,000
4.	Mrs. Daksha Shah	90,000

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

Further, the Independent Directors are paid fixed sitting fees i.e. ₹ 10,000/- per committee meeting & ₹ 15,000/- per Board meeting.

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

The Company has not entered into any Service Contract with the Directors, except agreement with the Managing Director entered with Mr. Kamlesh C. Gandhi and Whole-Time Director agreement with Mrs. Darshana S. Pandya who is the Whole-time Director of the Company.

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

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

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

C. Stakeholder's Relationship Committee:

The Company has constituted Stakeholder's Relationship Committee in pursuance to the provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of the Listing Regulations, mainly to focus on the redressal of Shareholders' / Investors' Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; etc.

During the year under review, Stakeholder's Relationship Committee met 4 (Four) times on June 02, 2020, August 12, 2020, November 11, 2020 and February 09, 2021.

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 2020-21	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	4
Mr. Mukesh Gandhi*	Member	4	3
Mr. Chetan Shah	Member	4	4
Mrs. Darshana Pandya^	Member	4	1

*Shri Mukesh Gandhi passed away on January 19, 2021.

^The Board has appointed Mrs. Darshana Pandya as a Member of the Committee in their meeting held on January 29, 2021.

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, 2021.

Mr. Balabhaskaran, the Chairman of the Committee had attended last Annual General Meeting of the Company held on December 09, 2020.

Investor Grievances Officer

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

Broad terms of reference:

1. Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;

2. Review of measures taken for effective exercise of voting rights by shareholders;

3. The equity shares of the Company are compulsorily traded in electronic form on the stock exchanges and hence the handling of physical transfer of shares is minimal, the Company has no transfers pending at the closure of the financial year. The Committee shall also review services rendered by the Registrar & Share Transfer Agent;

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

5. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

D. Risk Management Committee:

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

During the year under review, Risk Management Committee has met 4 (four) times on June 02, 2020, August 12, 2020, November 11, 2020 and February 09, 2021.

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 2020-21	
		Held	Attended
Mr. Chetan Shah	Chairman	4	4
Mr. Umesh Shah	Member	4	4
Mr. Mukesh Gandhi*	Member	4	3
Mrs. Darshana Pandya^	Member	4	1

*Shri Mukesh Gandhi passed away on January 19, 2021.

^ The Board has appointed Mrs. Darshana Pandya as a Member of the Committee in their meeting held on January 29, 2021.

Board Terms of Reference:

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

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

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

   c) Business Continuity Plan

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

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

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

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

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

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

E. General Body Meetings

a. Annual General Meetings:

Financial Year	Date	Location of Meeting	Time	No. of Special Resolutions passed
2019-20	December 09, 2020	The Company had conducted the Annual General Meeting through Video Conferencing (VC)/ Other Audio Visual Means (OVAM) in line with the MCA Circular	11.30 A.M.	2
2018-19	June 26, 2019	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	10.00 A.M.	4
2017-18	June 27, 2018	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	10.00 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	Total No. of votes against	% of votes in favour	% of votes against
Special	Approval for increasing the Borrowing Powers under Section 180(1)(c) upto ₹ 7500 Crores	December 09, 2020	46447584	5877	99.9873	0.0127
Special	Approval for creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a).	December 09, 2020	46447584	5877	99.9873	0.0127
Special	Re-appointment Mr. Kamlesh C. Gandhi (DIN: 00044852) as the Managing Director of the Company for a term of 5 years.	June 26, 2019	50351192	1228	99.9976	0.0024
Special	Re-appointment Mr. Mukesh C. Gandhi (DIN: 00187086) as the Whole time Director of the Company for a term of 5 years.	June 26, 2019	50351192	1228	99.9976	0.0024
Special	Re-appointment Mr. Balabhaskaran (DIN: 00393346) as an Independent Director of the Company for a term of 5 years.	June 26, 2019	50285692	66728	99.8675	0.1325
Special	Re-appointment Mr. Chetan Shah (DIN: 02213542) as an Independent Director of the Company for a term of 5 years.	June 26, 2019	49602404	535819	98.9313	1.0687
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

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

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

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

F. MEANS OF COMMUNICATION:

a. Financial Results:

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

b. Website:

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

c. Presentations/News Releases:

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

G. GENERAL SHAREHOLDERS INFORMATION:

a. Company Registration details:

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

b. Registered Office:

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

c. Date, time and venue of the 26th Annual General Meeting:

26th Annual General Meeting is to be held on Wednesday, August 25, 2021 at 11:30 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

d. Financial Year:

Financial year is April 1, 2021 to March 31, 2022 and financial results will be declared as per the following schedule:

Particulars	Tentative Schedule
Quarterly Results	
Quarter ending on June 30, 2021	On or before August 14, 2021
Quarter ending on September 30, 2021	On or before November 14, 2021
Quarter ending on December 31, 2021	On or before February 14, 2022
Annual Result of 2021-22	On or before May 30, 2022

e. Dividend Payment:

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 Rupees 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.

Your Directors are pleased to recommend a Final Dividend of ₹ 1.50/- (Rupees One and Fifty Paise Only) per equity share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (15%) aggregating to 8,19,93,064.50/- (Rupees Eight Crore Nineteen Lakh Ninety Three Thousand Sixty Four and Fifty Paisa Only) for the Financial year 2020-21, subject to the approval of members in the ensuing Annual General Meeting of the Company. The payment of Final Dividend to the members will be subject to deduction of tax at source as per the applicable rate.

Tax deducted at source (TDS) on dividend

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

f. Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Thursday, August 19, 2021 to Wednesday, August 25, 2021 (both days inclusive) for the purpose of 26th Annual General Meeting.

g. Listing on Stock Exchanges:

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

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

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

Annual listing fees for the year 2021-2022 have been paid by the Company to BSE Ltd. & National Stock Exchange of India Limited.

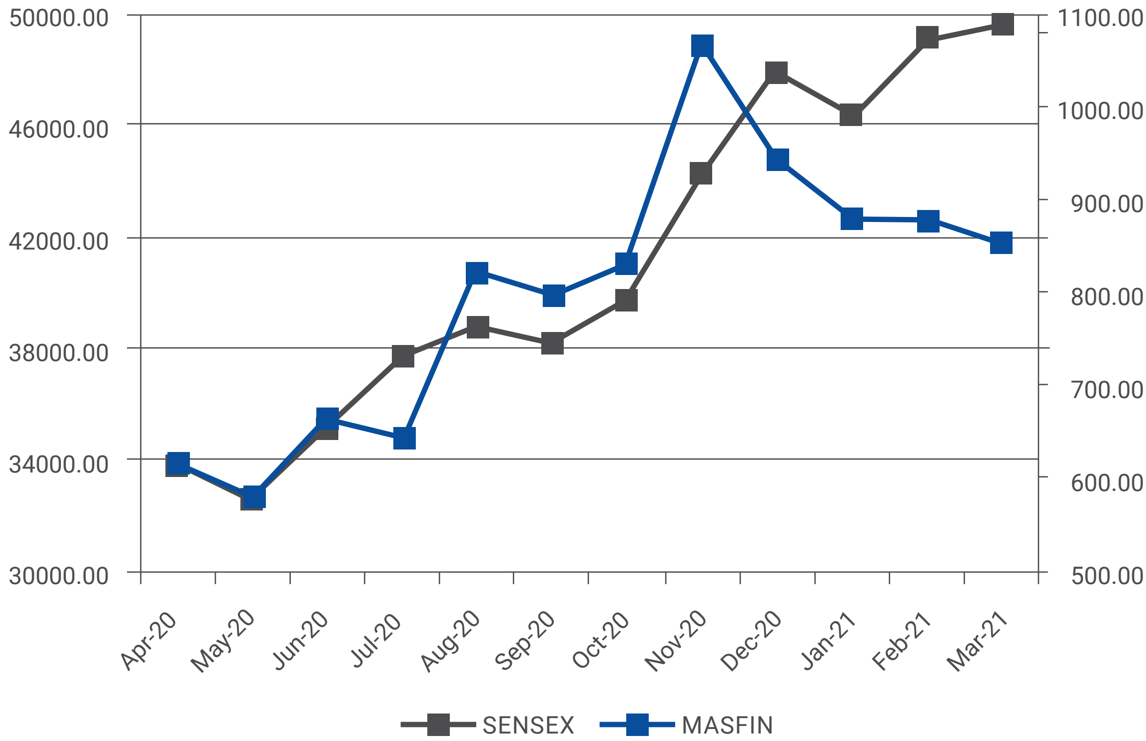
h. Market Price Data:

Month	Price of Company's Shares	
	High (In ₹) – BSE	Low (In ₹) - BSE
April, 2020	661.45	505.95
May, 2020	610.00	532.25
June, 2020	733.00	585.00
July, 2020	730.00	612.70
August, 2020	893.80	609.95
September, 2020	901.35	719.95
October, 2020	850.00	784.70
November, 2020	1,170.65	807.00
December, 2020	1090.00	846.00
January, 2021	947.05	833.00
February, 2021	921.95	818.45
March, 2021	985.00	845.55

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, 2020	611.55	33,717.62
May, 2020	575.45	32,424.1
June, 2020	665.25	34,915.8
July, 2020	641.75	37,606.89
August, 2020	819.40	38,628.29
September, 2020	795.95	38,067.93
October, 2020	829.05	39,614.07
November, 2020	1,065.20	44,149.72
December, 2020	942.50	47,751.33
January, 2021	878.55	46,285.77
February, 2021	875.50	49,099.99
March, 2021	854.00	49,509.15

** closing data on the last day of the month

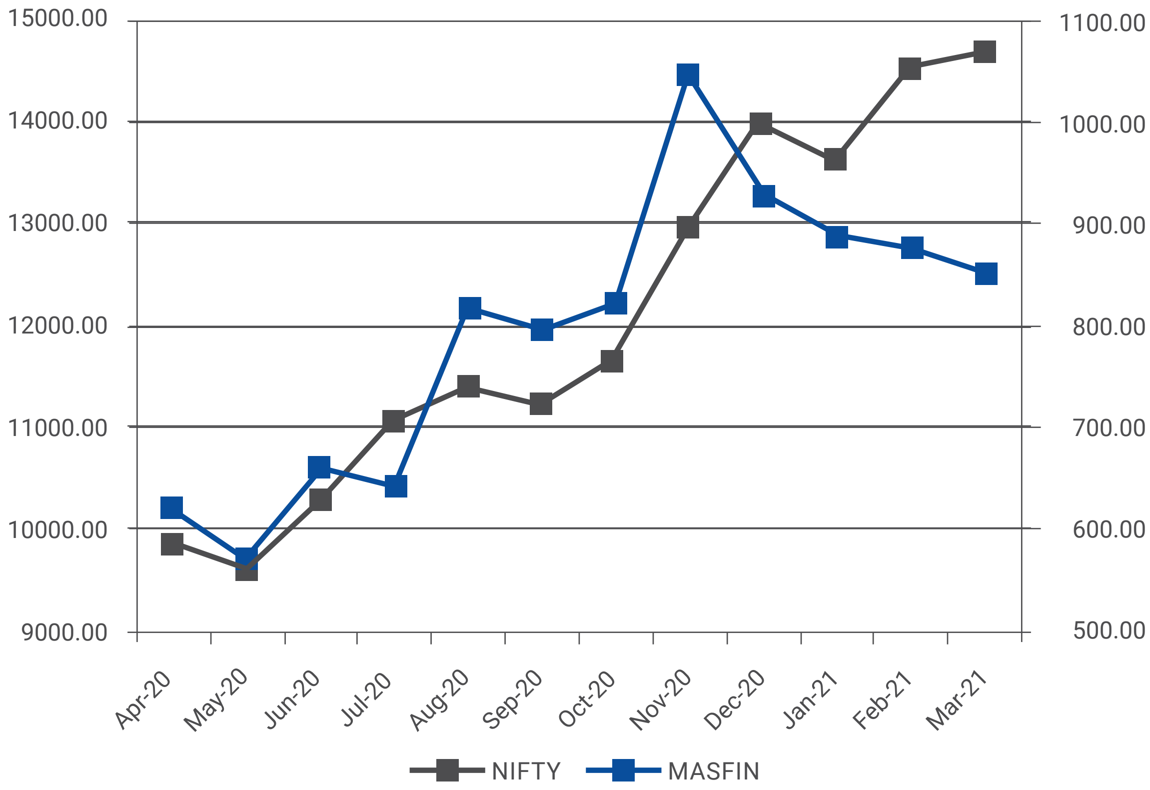


Month	Company's Shares	
	High (In ₹) – NSE	Low (In ₹) – NSE
April, 2020	664.00	502.50
May, 2020	605.50	532.15
June, 2020	715.30	573.20
July, 2020	727.75	613.00
August, 2020	895.00	620.00
September, 2020	900.00	765.00
October, 2020	890.00	796.15
November, 2020	1,110.85	801.30
December, 2020	1,089.90	821.60
January, 2021	949.00	835.00
February, 2021	923.00	817.95
March, 2021	977.00	843.55

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, 2020	621.60	9,859.9
May, 2020	573.15	9,580.3
June, 2020	662.05	10,302.1
July, 2020	642.15	11,073.45
August, 2020	818.60	11,387.5
September, 2020	794.10	11,247.55
October, 2020	824.45	11,642.4
November, 2020	1,046.95	12,968.95
December, 2020	927.40	13,981.75
January, 2021	886.90	13,634.6
February, 2021	876.10	14,529.15
March, 2021	853.10	14,690.7

** 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, Off, Chimanlal Girdharlal Rd,
Sardar Patel Nagar, Ellisbridge,
Ahmedabad – 380006
Tel No.: +91 79 26465179 /86 / 87
Fax No.: +91 79 26465179

j. **Share Transfer Procedure:**

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

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

Pursuant to SEBI (Depositories and Participants) Regulations, 1996 and SEBI (Depositories and Participants) Regulations, 2018, a certificate have also been obtained from a Practicing Company Secretary for timely dematerialization of the shares of the Company and for conducting Secretarial Audit on a quarterly basis for reconciliation of the share capital of the Company. The Company files copy of these certificates with the stock exchange as required.

k. Shareholding as on March 31, 2021:

a. Distribution of Shareholding as on March 31, 2021:

Range of No. of Shares	No. of Shareholders		Shares held	
From – To	**Number**	**%**	**Number**	**%**
1-500	22806	93.7554	1382184	2.5286
501-1000	879	3.6136	596465	1.0912
1001-2000	325	1.3361	436115	0.7978
2001-3000	101	0.4152	242217	0.4431
3001-4000	60	0.2467	206951	0.3786
4001-5000	41	0.1686	186098	0.3405
5001-10000	47	0.1932	323593	0.592
10001 and above	66	0.2713	51288420	93.8282
Total	**24325**	**100**	**54662043**	**100**

b. Shareholding Pattern as on March 31, 2021:

Category	No. of shares held		Total No. of Shares	% of Holding
	Physical	**Demat**		
Promoter and Promoter Group	-	4,02,33,821	4,02,33,821	73.6047
Mutual Funds	-	48,16,852	48,16,852	8.8121
Banks/FI/Central Govt./State Govts/ Trusts & Insurance Companies	-	6,33,355	6,33,355	1.1587
Foreign Institutional Investors/ Portfolio Investor	-	8,65,931	8,65,931	1.5842
NRI	-	1,67,626	1,67,626	0.3067
Foreign Nationals	-	-	-	-
Foreign Companies	-	-	-	-
Bodies Corporate	-	4,97,651	4,97,651	0.9104
Clearing Member	-	17,963	17,963	0.0329
Directors / Relatives of Director	-	31,336	31,336	0.0573
Indian Public / HUF	-	30,08,197	30,08,197	5.5032
Trusts	-	40,44,877	40,44,877	7.3998
NBFCs registered with RBI	-	-	-	-
Alternate Investment Funds	-	3,44,434	3,44,434	0.63011
Total	**-**	**5,46,62,043**	**5,46,62,043**	**100.00**

l. Dematerialization of Shares and Liquidity

The Company's shares are traded in dematerialized form. All the Equity shares of the Company are dematerialized as on March 31, 2021.

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 99 branches as on 31st March, 2021.

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 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 31st July 2020.

H. **Other Disclosures:**

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

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

c. The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safe guards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistle blowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company at www.mas.co.in.

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

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

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

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

h. Company has not raised funds through preferential allotment or qualified institutions placement therefore details regarding utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) is Not Applicable to the Company, Except for the issuance of NCDs on a private placement basis.

i. The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on March 31, 2021 in compliance with Regulation 17(8) of Listing Regulations. The certificate is appended as an Annexure to this report. They have also provided quarterly certificates on financial results while placing the same before the Board pursuant to Regulation 33 of Listing Regulations.

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

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

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

m. Total fees paid for the services to the statutory auditors is ₹ 62.32 Lakhs for the financial year 2020-21.

Particulars	Amount in Lakhs
Statutory audit	25.07
Limited review of quarterly results	29.43
Other Services	7.63
Reimbursements of expenses	0.19
Total	**62.32**

n. As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted a Special Complaints Committee. During the year 2020-21, no complaints were received by the Committee.

o. 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.

p. 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.

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

r. 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.

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

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

u. 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 26th AGM to be held on Wednesday, August 25, 2021.

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

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

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

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

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

I. The Company has complied with all the mandatory requirements of the SEBI Listing Regulations including but not limited to the provisions of regulations 17 to 27 and 46(2)(b) to (i) of the said Regulations.

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

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

Darshana Pandya
Director & CEO
(DIN: 07610402)

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

Place : Ahmedabad
Date : July 22, 2021

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
MAS FINANCIAL SERVICES LIMITED
6, Narayan Chambers Ground Floor
B/H Patang Hotel, Ashram Road,
Ahmedabad – 380 009.

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

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

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

For, **Ravi Kapoor and Associates**

Ravi Kapoor
Proprietor
Mem. No FCS. 2587
CP No. 2407
UDIN: F002587C000672476

Date: 22nd July, 2021
Place: Ahmedabad

CERTIFICATE OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Mrs. Darshana Pandya, Director & Chief Executive Officer and Mr. 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, 2021 and to the best of our knowledge and belief:

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

ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations, however the Company started Amortising the gain on assignment of financial assets over the residual tenure instead of booking upfront gain and its details are as mentioned in Note no. 30 of the Standalone Financial Statements of the Company.

iii. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2021 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 note no. 30 to the standalone financial statements; 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.

Date: July 22, 2021
Place: Ahmedabad

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

Ankit Jain
Chief Financial Officer

DECLARATION

I, Darshana Pandya, Director & Chief Executive Officer of MAS Financial Services Limited hereby declare that as of March 31, 2021 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

Date: July 22, 2021
Place: Ahmedabad

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

Annexure - J

Disclosures pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 last updated 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. 34 to the Standalone Financial Statements and Note No. 34 to the Consolidated Financial Statements;

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

Annexure - K

BUSINESS RESPONSIBILITY REPORT FOR THE FY 2020-21

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

SECTION – A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	:	L65910GJ1995PLC026064	
2.	Name of the Company	:	MAS Financial Services Limited	
3.	Registered address	:	6, Narayan Chambers, Ground Floor, B/h Patang Hotel, Ashram Road Ahmedabad – 380009	
4.	Website	:	www.mas.co.in	
5.	E-mail id	:	riddhi_bhayani@mas.co.in	
6.	Financial Year reported	:	2020-21	
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 99 branches.

10. Markets served by the Company – PAN India

SECTION B: FINANCIAL DETAILS OF THE COMPANY (AS ON 31.03.2021)

1.	Paid up Capital (₹ in Lakh)	:	₹ 5466.20
2.	Total Turnover (₹ in Lakh)	:	₹ 59,388.90
3.	Total profit after taxes (₹ in Lakh)	:	₹ 14,350.30

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

   The Company's total spending on CSR is ₹ 33,42,951/- approx. 0.16% of the average profit after taxes in the previous three financial years.

5. List of activities in which expenditure in 4 above has been incurred:-
   A. Health
   B. Education
   C. Social welfare
   For more details please refer Annexure – E of Annual Report.

SECTION C: OTHER DETAILS

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

2) Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
   - Business Responsibility initiatives of the Parent Company are generally followed by the Subsidiary Company i.e. MAS Rural Housing & Mortgage Finance Limited to the extent possible.

3) Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]
   - No.

SECTION D: BR INFORMATION

(1) Details of Director/Directors responsible for BR

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

Sr. No.	DIN	Name	Designation
1	00044852	Mr. Kamlesh Chimanlal Gandhi	Chairman & Managing Director
2	07610402	Mrs. Darshana Saumil Pandya	Director & CEO

b) Details of the BR head:

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

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

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

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

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

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

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for...	Y	N	Y	Y	Y	N	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	Y	-	-	Y	Y
3	Does the policy conform to any national/ international standards?	Y	-	Y	Y	Y	-	-	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	-	Y	Y	Y	-	-	Y	Y
5	Does the company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	-	Y	Y	Y	-	-	Y	Y
6	Indicate the link for the policy to be viewed online?	#	-	#	#	#	-	-	#	#
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	Y	-	-	Y	Y
8	Does the company have in-house structure to implement the policy/policies.	Y	-	Y	Y	Y	-	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	-	Y	Y	Y	-	-	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	-	N	N	N	-	-	N	N

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

Sr. 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 an Annual basis.

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

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

SECTION E: PRINCIPLE -WISE PERFORMANCE

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

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

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

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   - The Company encourages all its stakeholders to freely share their concerns and grievances. The Company has received 11 complaints from various stakeholders during FY 2020-21, out of which all the 11 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: 719

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 573

3. Please indicate the Number of permanent women employees: 35

4. Please indicate the Number of permanent employees with disabilities: 01

5. Do you have an employee association that is recognized by management: No

6. What percentage of your permanent employees is members of this recognized employee association? N.A.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:

   The Company prohibits discrimination on the basis of race, caste, religion, colour, parentage, marital status, gender, sexual orientation, age, nationality, ethnic origin or disability, harassment, whether sexual, verbal, physical or psychological against any employee. In order to prevent any kind of discrimination the Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (India) and the Rules thereunder. The Company forbids child labour and did not receive any complaints relating to child labour, forced labour or involuntary labour and there were no instants of Sexual harassment in FY 2020-21.

Sr. No.	Category	No of complaints filed during the financial year (2020-21)	No of complaints pending as on end of the financial year (2020-21)
1	Child labour /forced labour /involuntary labour	NIL	
2	Sexual harassment		
3	Discriminatory employment		

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

Your Company has established in-house systems in place to inculcate high performance culture in the organization. We periodically organize the training programmes for upgrading functional and soft skills of employees. We provide Induction training to all the employees of the Company and on regular intervals various other training is organized to update the knowledge.

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

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

   No

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

   Not Applicable

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

   Not Applicable

Principle 5: Businesses should respect and promote human rights.

1. Does the policy of the Company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   It is our constant endeavor to uphold human rights of all our stakeholders as manifested in the Constitution of India. Our Company values integrity of all regulations and ensures compliance with all applicable laws in this regard. This is covered under our Policies on Business Responsibility Report which is available on the website of the Company www.mas.co.in.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   - No material concern related to violation of fundamental human rights of individuals was received during the financial year.

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

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

   - Not Applicable

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Yes/No. If yes, please give hyperlink for webpage etc.

   - Not Applicable

3. Does the company identify and assess potential environmental risks? Yes/No
   - Not Applicable

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

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Yes/No. If yes, please give hyperlink for web page etc.
   - No such initiatives carried out in the Financial year 2020-21

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

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

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

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

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

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

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

Principle 8: Businesses should support inclusive growth and equitable development

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

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

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

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?
   - Amount spent ₹ 33,42,951.00/- Please refer to Annual Report on CSR Activities Annexure for more details.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   - Your Company's CSR initiatives are aligned to the mission of transforming rural lives and driving a positive change in the communities. The Company actively implements projects and initiatives in the areas of health, education, employment & livelihood generation, rural development and community welfare. We strongly believe in giving back to the society and this is the guiding principle around which all the Corporate Social Responsibility (CSR) activities are undertaken. Please refer to Annual Report on CSR Activities Annexure for more details.

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

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

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   - Only 17 Customer complaints/consumer cases are pending as on the 31st March, 2021.

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

FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of MAS Financial Services Limited

Report on the Audit of the Standalone Financial Statements

QUALIFIED 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 2021, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR QUALIFIED OPINION

As described in Note 30 to the standalone financial statements, during the year ended 31 March 2021, the Company had changed its accounting policy for recognising gain on derecognition of loans upon assignment. As per the previous policy, such gain was recognised immediately in the standalone statement of profit and loss. As per the new policy adopted by the Company, such gain is recorded as 'unearned income on assigned loans' under the head 'other non-financial liabilities' and is amortised in the standalone statement of profit and loss over the period of the underlying residual tenure of the assigned loan portfolio. This change in accounting policy would constitute a departure from the Indian Accounting Standards prescribed under section 133 of the Act (Ind AS 109 – 'Financial Instruments') which requires the gain / loss to be recognised immediately in the statement of profit and loss upon derecognition of assigned loans. In our view, this change in accounting policy is not in compliance with the requirements of Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' that permits to change the accounting policy only if the change satisfies given criteria therein.

Had the Company not revised its policy, 'other equity' would have increased by ₹ 3,240.74 lakh, 'deferred tax assets' would have decreased by ₹ 1,090.17 lakh and liability on account of 'unearned income on assigned loans' would have decreased by ₹ 4,330.91 lakh to Nil as at 31 March 2021. Further, 'gain on assignment of financial assets' would have decreased by ₹ 3,394.64 lakh and 'deferred tax credit' would have increased by ₹ 854.36 lakh for the year ended 31 March 2021. There is no impact on the net cash flows of the Company.

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.

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.

Key audit matter	How the matter was addressed in our audit
Impairment of loans **Charge: INR 4,065.45 lakh for the year ended 31 March 2021** **Provision: INR 9,910.61 lakh as at 31 March 2021**	
Refer to the accounting policies in "Note 3.6 to the Standalone Financial Statements: Impairment of financial assets", "Note 2.4(iii) to the Standalone Financial Statements: Significant Accounting Policies- use of estimates and judgments" and "Note 7 to the Standalone Financial Statements: Loans"	

Key audit matter	How the matter was addressed in our audit
Subjective estimate Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. • Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). The PD and the LGD are the key drivers of estimation complexity in ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. • Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 57 % of ECL balances as at 31 March 2021. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the standalone financial statements, we have considered this as a key audit matter.	Our key audit procedures included: **Design / controls** We performed end to end process walkthroughs to identify the key systems, applications and controls used in ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in ECL process. *Key aspects of our controls testing involved the following:* • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. • Testing the 'Governance Framework' controls over validation, implementation and model monitoring in line with Reserve Bank of India guidance. • Testing the design and operating effectiveness of the key controls over the application of the staging criteria. • Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. • Testing management's controls over authorisation and calculation of post model adjustments and management overlays. • Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. • Testing key controls operating over the information technology system in relation to loan impairment including system access and system change management, program development and computer operations. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). • For models which were changed or updated during the year, evaluating whether the changes were appropriate by assessing the updated model methodology. • For Retails Asset Channel, assessing appropriateness of management's credit grading model.

Key audit matter	How the matter was addressed in our audit
Disclosures The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on ECL determination. **Test of details** Key aspects of our testing included: • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Model calculations testing through re-performance, where possible. • Test of details of post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. • Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.
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. 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.

Key audit matter	How the matter was addressed in our audit
	• 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 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 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) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, 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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 2021.

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

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

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

Sameer Mota
Partner
Membership No.109928
UDIN: 21109928AAAANP3329

Mumbai
19 May 2021

ANNEXURE A

To the Independent Auditor's report on the standalone financial statements of MAS Financial Services Limited for the year ended 31 March 2021

(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 not granted any loans to a company covered in the register maintained under Section 189 of the Companies Act, 2013 (the 'Act'). Accordingly, reporting under clause (iii) of the Order is not applicable.

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 applicable provisions of Section 186 (1) of the Act.

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 with the appropriate authorities except for instances of delay in payment of professional tax of ₹ 9,630 due to delay in registration of one branch. 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.

(b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, professional tax, cess and other material statutory dues for a period of more than six months from the date they became payable.

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

Name of Statute	Nature of dues	Period to which the amount relates	Amount disputed (₹ in Lakh)	Amount unpaid (₹ in Lakh)	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax	Assessment Year: 2018-2019	389.98	389.98	Assistant 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. The Company did not have loans or borrowings from government.

ix. According to the information and explanations given to us, the Company has utilised the money raised by way of issue of non-convertible debentures and the terms loans during the year for the purpose for which they were raised. During the year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

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 given 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: 21109928AAAANP3329

Mumbai
19 May 2021

ANNEXURE B

To the Independent Auditor's report on the standalone financial statements of MAS Financial Services Limited for the year ended 31 March 2021

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)

QUALIFIED 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 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, except for the effects/possible effects of the material weakness described below on the achievement of the objectives of the control criteria, to the best of our information and according to the explanations given to us, the Company has, in all material respects, maintained adequate internal financial controls with reference to the standalone financial statements and such internal financial controls were operating effectively as at 31 March 2021 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').

We have considered the material weakness identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended 31 March 2021 and this material weakness has, inter alia, affected our opinion on the said standalone financial statements and we have issued a qualified opinion on the said standalone financial statements.

BASIS FOR QUALIFIED OPINION

As explained in 'Basis for Qualified Opinion' section of our Audit Report on the standalone financial statements, during the current year ended 31 March 2021, the Company had changed accounting policy for recognising gain on derecognition of loans upon assignment. As per the previous policy, such gain was recognised immediately in the statement of profit or loss. As per the new policy adopted by the Company, such gain is recorded as unearned income on assigned loans under the head other non-financial liability and is amortised in the statement of profit or loss over the period of the underlying residual tenure of the assigned portfolio. This change in accounting policy would constitute a departure from the Indian Accounting Standards prescribed under section 133 of the Act (Ind AS 109 – 'Financial Instruments') which requires the gain / loss to be recognised immediately in the statement of profit or loss upon derecognition of assigned loans. In our view, this change in accounting policy is not in compliance with the requirements of Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' that permits to change the accounting policy only if the change satisfies given criteria therein.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

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').

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 qualified audit opinion on the Company's internal financial controls with reference to standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

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

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

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

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

Sameer Mota
Partner
Membership No.109928
UDIN: 21109928AAAANP7117

Mumbai
19 May 2021

Standalone Balance Sheet

as at 31 March 2021

(₹ in Lakhs)

	Note no.	As at 31 March 2021	As at 31 March 2020 (Restated refer note 30)	As at 01 April 2019 (Restated refer note 30)
ASSETS				
Financial assets				
Cash and cash equivalents	5	96,505.14	102,478.12	35,625.65
Bank balance other than cash and cash equivalents	6	3,180.75	190.55	1,278.75
Loans	7	380,513.40	334,846.64	318,065.33
Investments	8	23,503.36	3,750.03	2,227.05
Other financial assets	9	4,764.84	7,798.70	7,150.87
Total financial assets		**508,467.49**	**449,064.04**	**364,347.65**
Non-financial assets				
Income tax assets (net)	28	592.40	221.38	95.16
Deferred tax assets (net)	28	2,116.67	1,498.41	1,618.38
Property, plant and equipment	10(a)	1,081.27	1,198.56	1,140.92
Capital work-in-progress	10(d)	5,002.73	4,821.34	4,564.43
Right-of-use asset	10(c)	37.70	128.44	-
Other intangible assets	10(b)	8.76	11.07	10.95
Other non-financial assets	11	452.71	234.54	196.05
Total non-financial assets		**9,292.24**	**8,113.74**	**7,625.89**
Total assets		**517,759.73**	**457,177.78**	**371,973.54**
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		756.90	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	31,411.52	-	-
Borrowings (other than debt securities)	13	291,975.30	252,021.34	195,982.99
Subordinated liabilities	14	5,996.55	5,989.18	5,981.78
Other financial liabilities	15	63,253.56	90,693.87	72,419.32
Total financial liabilities		**393,393.83**	**349,457.47**	**274,937.45**
Non-financial liabilities				
Current tax liabilities (net)	28	1,176.84	-	1,621.04
Provisions	16	396.38	45.65	15.84
Other non-financial liabilities	17	5,535.81	9,584.27	9,032.57
Total non-financial liabilities		**7,109.03**	**9,629.92**	**10,669.45**
Total liabilities		**400,502.86**	**359,087.39**	**285,606.90**
EQUITY				
Equity share capital	18	5,466.20	5,466.20	5,466.20
Other equity	19	111,790.67	92,624.19	80,900.44
Total equity		**117,256.87**	**98,090.39**	**86,366.64**
Total liabilities and equity		**517,759.73**	**457,177.78**	**371,973.54**

The notes referred to above form an integral part of these 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)

Ankit Jain
(Chief Financial Officer)

Mumbai
19 May 2021

Ahmedabad
19 May 2021

Standalone Statement of Profit and Loss

for the year ended 31 March 2021

(₹ in Lakhs)

		Note no.	Year ended 31 March 2021	Year ended 31 March 2020 (Restated refer note 30)
I.	**Revenue from operations**			
	Interest income	20	48,307.24	55,509.01
	Gain on assignment of financial assets (Refer note 30)		8,058.70	10,117.19
	Fees and commission income		2,796.05	1,573.89
	Net gain on fair value changes	21	56.32	-
	Total revenue from operations		**59,218.31**	**67,200.09**
	Other income	22	170.59	71.75
	Total income		**59,388.90**	**67,271.84**
II.	**Expenses**			
	Finance costs	23	26,449.08	27,220.31
	Fees and commission expense		624.36	601.88
	Impairment on financial assets	24	7,488.62	8,247.29
	Employee benefits expenses	25	2,972.89	5,240.79
	Depreciation, amortization and impairment	26	212.98	231.51
	Others expenses	27	2,351.68	2,913.86
	Total expenses		**40,099.61**	**44,455.64**
	Profit before exceptional items and tax (I - II)		**19,289.29**	**22,816.20**
	Exceptional items		-	-
III.	**Profit before tax**		**19,289.29**	**22,816.20**
IV.	**Tax expense:**			
	Current tax	28	5,809.77	6,291.68
	Excess provision for tax relating to prior years	28	-	(96.10)
	Net current tax expense		**5,809.77**	**6,195.58**
	Deferred tax credit	28	(870.78)	(34.73)
	Net tax expense		**4,938.99**	**6,160.85**
V.	**Profit for the year (III - IV)**		**14,350.30**	**16,655.35**
VI.	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss:			
	Re-measurement of the defined benefit liabilities		67.01	(29.68)
	Income tax impact on above		(16.87)	7.47
	Total (A)		**50.14**	**(22.21)**
	(B) Items that will be reclassified to profit or loss:			
	Loans and advances through other comprehensive Income		936.29	658.09
	Income tax impact on above		(235.65)	(165.64)
	Total (B)		**700.64**	**492.45**
	Other comprehensive income (A+B)		**750.78**	**470.24**
VII.	**Total comprehensive income for the year (V + VI)**		**15,101.08**	**17,125.59**
VIII.	**Earnings per equity share (of ₹ 10 each):**	29		
	Basic (₹)		26.25	30.47
	Diluted (₹)		26.25	30.47

The notes referred to above form an integral part of these 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)

Ankit Jain
(Chief Financial Officer)

Mumbai
19 May 2021

Ahmedabad
19 May 2021

Standalone Statement of Changes in Equity

for the year ended 31 March 2021

(A) EQUITY SHARE CAPITAL

(₹ in Lakhs)

Equity Share of ₹ 10 each issued, subscribed and fully paid	
Balance at 1 April 2019	5,466.20
Changes in equity share capital during the year	-
Balance at 31 March 2020	**5,466.20**
Changes in equity share capital during the year	-
Balance at 31 March 2021	**5,466.20**

(B) OTHER EQUITY

	Reserves and surplus			Other comprehensive income		Total
	Reserve u/s. 45-IC of the RBI Act, 1934	Securities premium	Retained earnings	Equity instruments through OCI	Loans and advances through OCI	
Balance at 31 March 2019	**10,957.75**	**42,687.43**	**27,309.10**	**(0.22)**	**4,561.44**	**85,515.50**
Impact due to changes in accounting policy	-	-	(4,615.06)	-	-	(4,615.06)
Restated balance at 1 April 2019 (Refer note 30)	**10,957.75**	**42,687.43**	**22,694.04**	**(0.22)**	**4,561.44**	**80,900.44**
Transition impact of Ind AS 116 (net of taxes)	-	-	(10.31)	-	-	(10.31)
Profit for the year	-	-	16,655.35	-	-	16,655.35
Re-measurement of defined benefit plans (net of taxes)	-	-	(22.21)	-	2,748.96	2,726.75
Dividend on equity shares	-	-	(6,340.79)	-	-	(6,340.79)
Dividend distribution tax 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)	-	-	-
Restated balance at 31 March 2020 (Refer note 30)	**14,522.01**	**42,687.43**	**28,104.56**	**(0.22)**	**7,310.40**	**92,624.18**
Profit for the year	-	-	14,350.30	-	-	14,350.30
Re-measurement of defined benefit plans (net of taxes)	-	-	50.15	-	4,766.04	4,816.19
Transfer to reserve u/s. 45-IC of the RBI Act, 1934	2,870.06	-	(2,870.06)	-	-	-
Balance at 31 March 2021	**17,392.07**	**42,687.43**	**39,634.95**	**(0.22)**	**12,076.44**	**111,790.67**

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)

Ankit Jain
(Chief Financial Officer)

Mumbai
19 May 2021

Ahmedabad
19 May 2021

Standalone Statement of Cash Flows

for the year ended 31 March 2021

(₹ in Lakhs)

		Year ended 31 March 2021		Year ended 31 March 2020	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net profit before tax		19,289.29		22,816.20
	Adjustments for :				
	Depreciation and amortisation	212.98		231.50	
	Finance cost	26,449.08		27,220.31	
	Provision for impairment on financial assets	4,067.96		2,256.51	
	Loss assets written off (net)	3,420.66		5,990.78	
	(Profit) / loss on sale of property, plant and equipment	1.16		0.82	
	Loss on sale of repossessed assets	351.42		347.26	
	Interest income	(43,935.16)		(52,413.63)	
	Interest income from bank deposits	(2,913.80)		(1,155.47)	
	Income received in advance	8.79		(19.12)	
	Income from debt component of optionally convertible preference shares (investment in subsidiary)	(91.37)		(32.78)	
	Interest income from non-convertible debenture measured at amortised cost	(39.25)		(8.26)	
	Interest income from pass through certificates	(2.20)		-	
	Financial guarantee commission income	(2.51)		(4.69)	
	Dividend income	(39.19)		(6.33)	
	Gain on derecognition of leased assets	(2.81)		(0.83)	
			(12,514.24)		**(17,593.93)**
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**6,775.05**		**5,222.27**
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Loans	(51,072.23)		(17,255.57)	
	Advances received against loan agreements	(10,022.97)		10,022.97	
	Deposits given as collateral	1.28		(13.51)	
	Bank balance other than cash and cash equivalents	32.91		1,001.28	
	Other financial asset	(362.62)		-	
	Other non-financial asset	(502.57)		(415.44)	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	3.80		199.76	
	Security deposits from borrowers	(18,283.00)		(1,161.95)	
	Other financial and non-financial liabilities	(3,328.48)		8,793.97	
	Provisions (also refer note 32)	353.25	(83,180.63)	29.81	1,201.32
	CASH GENERATED FROM / (USED IN) OPERATIONS		**(76,405.58)**		**6,423.59**
	Interest income received	50,250.89		46,923.64	
	Dividend received	39.19		6.33	
	Interest income on Investment measured at amortised cost	42.02		5.49	
	Finance cost paid	(26,452.15)		(26,508.34)	
	Income tax paid (net)	(5,003.95)	18,876.00	(7,942.84)	12,484.28
	NET CASH FLOW GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)		**(57,529.58)**		**18,907.87**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Acquisition of property, plant and equipments and intangible assets, including capital advances	(201.35)		(453.77)	
	Proceeds from sale of property, plant and equipments and intangible assets	0.10		0.53	
	Change in Earmarked balances with banks and other free deposit	(3,023.12)		86.92	
	Interest income from bank deposits	2,913.80		1,155.47	
	(Purchase) / Redemption of investments at amortised cost	(19,663.42)		(500.00)	
	Purchase of optionally convertible preference shares in subsidiary	-		(1,000.00)	
	NET CASH FLOW GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)		**(19,973.99)**		**(710.85)**

Standalone Statement of Cash Flows (contd.)

for the year ended 31 March 2021

(₹ in Lakhs)

		Year ended 31 March 2021		Year ended 31 March 2020	
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from debt securities and borrowings	122,900.00		95,425.00	
	Repayments of borrowings	(74,114.40)		(42,349.22)	
	Net increase in working capital borrowings	22,826.23		3,316.41	
	Repayment of lease liabilities	(81.24)		(88.69)	
	Dividends paid including dividend distribution tax	-		(7,648.05)	
	NET CASH FLOW GENERATED FROM/(USED IN) FINANCING ACTIVITIES (C)		**71,530.59**		**48,655.45**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(5,972.98)**		**66,852.47**
	Cash and cash equivalents at the beginning of the year		102,478.12		35,625.65
	Cash and cash equivalents at the end of the year (refer note 1 below)		**96,505.14**		**102,478.12**

Notes:

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

		As at 31 March 2021	As at 31 March 2020
(a)	Cash on hand	5.75	7.43
(b)	Balances with banks	48,975.82	76,439.38
(c)	Bank deposits with original maturity of 3 months or less	47,523.57	26,031.31
Cash and cash equivalents as per the balance sheet		**96,505.14**	**102,478.12**

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

3. The Company as at 31 March 2021 has undrawn borrowing facilities amounting to ₹ 1,05,383.58 lakhs that may be available for future operating activities and to settle capital commitments.

4. Change in liabilities arising from financing activities

	31 March 2020	Cash flows	Non-cash changes*	31 March 2021
Debt securities	-	31,500.00	(88.48)	31,411.52
Borrowings (other than debt securities)	252,021.34	40,111.83	(157.87)	291,975.30
Subordinated liabilities	5,989.18	-	7.37	5,996.55
Total liabilities from financing activities	**258,010.52**	**71,611.83**	**(238.98)**	**329,383.37**

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

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

In terms of our report of even date attached
For 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)

Ankit Jain
(Chief Financial Officer)

Mumbai
19 May 2021

Ahmedabad
19 May 2021

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Company operates (the "functional currency"). Amounts in the standalone financial statements are presented in lakhs rounded off to two decimal places as permitted by Schedule III to the Act, except when otherwise indicated.

2.4 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised prospectively.

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

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

Judgements

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

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

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

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 41.

ii) Effective interest rate ("EIR") method

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

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

iii) Impairment of financial asset

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

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

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

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

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

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

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

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

iv) Provisions and other contingent liabilities

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

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

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

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

v) Provision for income tax and deferred tax assets

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

vi) Defined Benefit Plans

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

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

2.5 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 39.

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

i) The normal course of business

ii) The event of default

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. EIR method

Under Ind AS 109, interest income is recorded using 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.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

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

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

B. Interest income

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

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

3.2 Financial instrument - initial recognition

A. Date of recognition

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.8), transaction costs are added to or subtracted from this amount, except in the case of financial assets and financial liabilities recorded at FVTPL.

C. Measurement categories of financial assets and liabilities

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

i) Amortised cost

ii) FVOCI

iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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

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

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

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

SPPI test

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

'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.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

Accordingly, financial assets are measured as follows:

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

ii) Financial assets measured at FVOCI
A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. 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) Equity investment in subsidiaries
The Company has accounted for its equity investments in subsidiaries at cost.

B. Financial liability

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

ii) Subsequent measurement
Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets

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

3.5 Derecognition of financial assets and liabilities

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

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

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

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

On derecognition of financial assets on account of direct assignment of loans, gain is recognized as “Unearned income on assigned loans” under the head other non-financial liabilities and amortized in the profit or loss over the underlying residual tenure of the assigned portfolio. It is change in accounting policy which has been implemented with retrospective effect from 1 April 2019. Refer note 30 for details.

Further, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

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

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of ECL principles

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

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

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

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

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

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

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

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL.

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

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

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

B. Calculation of ECLs

For retail loans

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

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

EAD Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, expected drawdowns on committed facilities and accrued interest. Further, the EAD for stage 3 retail loan is the outstanding exposure at the time loan is classified as Stage 3 for the first time.

LGD LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

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

% LGD = 1 – recovery rate

For retail asset channel ("RAC") loan portfolio

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

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

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

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

The Company calculates PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated 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.

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

Significant increase in credit risk

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

Definition of default

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

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

C. Loans and advances measured at FVOCI

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

D. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time. For this purpose, the Company has used the data source of Economist Intelligence Unit.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

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 :

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.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

B. Rental income

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

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fees and commission income

Fees and commission income such as stamp and document charges, guarantee commission, service income, due diligence & evaluation charges and portfolio monitoring fees etc. are recognised on point in time basis.

3.9 (II) Recognition of other expense

A. Finance cost

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

Finance costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

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

3.10 Cash and cash equivalents

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

3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably.

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

The estimated useful lives are, as follows:

i) Buildings - 60 years

ii) Office equipments - 3 to 10 years

iii) Furniture and fixtures - 10 years

iv) Vehicles - 8 years

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

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

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

3.12 Intangible assets

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

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

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

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

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

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

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Lease payments associated with short term leases or low value leases are recognised as an expense on a straight-line basis over the lease term.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

3.15 Corporate guarantees

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

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

3.16 Retirement and other employee benefits

Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

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.

3.18 Taxes

A. Current tax

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

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

B. Deferred tax

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

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

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

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

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

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

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

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

3.19 Earnings per share

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

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

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

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.

3.21 Repossessed asset

In the normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle the outstanding debt.

3.22 Security deposit

The security deposits received by the customers are in the nature of financial liabilities as defined under Ind AS – 32. The Company uses weighted average rate of borrowing as discount rate to arrives at fair valuation of security deposit. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

4 . STANDARDS ISSUED BUT NOT YET EFFECTIVE

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, 2021.

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021

5. CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Cash on hand	5.75	7.43	14.46
Balances with banks:			
In current / cash credit accounts	48,975.82	76,439.38	26,912.60
Bank deposits with original maturity of 3 months or less	47,523.57	26,031.31	8,698.59
Total cash and cash equivalents	**96,505.14**	**102,478.12**	**35,625.65**

6. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
In current accounts (refer note below)	14.47	46.23	1,050.00
Earmarked balances with banks:			
Unclaimed dividend bank balances	1.83	2.98	0.49
In fixed deposit accounts:			
Deposits given as security against borrowings and other commitments	2,163.09	141.34	228.26
Bank deposits with original maturity of more than 3 months	1,001.36	-	-
Total bank balance other than cash and cash equivalents	**3,180.75**	**190.55**	**1,278.75**

Note: Balance represents balance with banks in earmarked account i.e. "collection and pay-out account".

7. LOANS (AT FVOCI)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
(A) Term loans	380,513.40	334,846.64	318,065.33
(B) (i) Secured by tangible assets	273,025.03	235,411.31	214,603.22
(ii) Unsecured	107,488.37	99,435.33	103,462.11
Total (B)	**380,513.40**	**334,846.64**	**318,065.33**
(C) (I) Loans in India			
(i) Public sector	-	-	-
(ii) Private sector	380,513.40	334,846.64	318,065.33
Total (C)-Gross	**380,513.40**	**334,846.64**	**318,065.33**
(II) Loans outside India	-	-	-
Total C(I) and C(II)	**380,513.40**	**334,846.64**	**318,065.33**

Notes:

1. Refer note 34(b) for loans to Companies in which directors are interested.
2. The impairment on loans measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss.

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

7.1 AN ANALYSIS OF CHANGES IN THE GROSS CARRYING AMOUNT OF LOANS IS GIVEN BELOW*

(₹ In Lakhs)

	As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening 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**
Changes in opening credit exposures (net of repayment and excluding write off)	(203,604.32)	(2,094.78)	(386.88)	(206,085.98)	(214,197.08)	(3,454.45)	48.12	(217,603.41)
New assets originated (net of repayment)**	250,778.16	872.53	128.08	251,778.77	241,189.38	720.98	379.68	242,290.04
Transfers from Stage 1	(7,344.64)	6,030.86	1,313.78	-	(10,768.45)	6,217.20	4,551.25	-
Transfers from Stage 2	4,547.83	(5,517.06)	969.23	-	3,092.80	(4,875.85)	1,783.05	-
Transfers from Stage 3	29.62	0.63	(30.25)	-	9.18	0.25	(9.43)	-
Amounts written off	(1,576.34)	(1.01)	(1,843.31)	(3,420.66)	(100.60)	(132.75)	(7,040.42)	(7,273.77)
Gross carrying amount closing balance	**370,475.42**	**7,926.39**	**6,442.50**	**384,844.31**	**327,645.11**	**8,635.22**	**6,291.85**	**342,572.18**

* The above classification also includes balance of spread receivable on assigned portfolio. (Refer note 9)

** New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

In accordance with the board approved moratorium policy read with RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Company had granted moratorium up to six months on the payment of installments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers.

The Honourable Supreme Court of India in a public interest litigation (Gajendra Sharma vs. Union of India & Anr), vide an interim order dated 3 September 2020 ('interim order'), has directed that no additional borrower accounts shall be classified as impaired ('non-performing assets' or 'NPA') which were not declared NPA till 31 August 2020, till further orders. Based on the said interim order, the Company has not classified any standard account as of 31 August 2020 as NPA after 31 August 2020. The Company has classified those accounts as stage 3 and provisioned accordingly for financial reporting purposes.

The interim order granted to not declare accounts as NPA stood vacated on 23 March 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors, and other connected matters, in accordance with the instructions in paragraph 5 of the RBI circular no. RB1/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated 7 April 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms and as per ECL model under Ind AS financial statements for the year ended 31 March 2021.

7.2 RECONCILIATION OF ECL BALANCE IS GIVEN BELOW

(₹ In Lakhs)

	As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening 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**
Changes in opening credit exposures (net of repayment and excluding write off)	1,375.42	(1,060.80)	287.50	602.12	(370.14)	724.86	1,316.85	1,671.57
New assets originated (net of repayment)	3,719.62	274.43	47.97	4,042.02	1,554.36	95.46	115.46	1,765.28
Transfers from Stage 1	(1,668.10)	1,137.83	530.27	-	(111.31)	65.06	46.25	-
Transfers from Stage 2	208.07	(472.12)	264.05	-	31.35	(274.92)	243.57	-
Transfers from Stage 3	0.64	-	(0.64)	-	0.09	0.04	(0.13)	-
Amounts written off	(8.73)	(23.11)	(546.90)	(578.74)	(0.57)	(8.70)	(1,171.07)	(1,180.34)
ECL allowance - closing balance	**5,839.79**	**1,594.45**	**2,487.60**	**9,921.84**	**2,212.87**	**1,738.22**	**1,905.35**	**5,856.44**

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 3,420.66 lakh at 31 March 2021 (31 March 2020 : ₹ 7,273.77 lakh).

The increase in ECL was driven by an increase in the gross amount of the portfolio, movements between stages as a result of increase in credit risk, change in probability of default, macro economic factors and management overlays due to estimated impact of COVID-19 pandemic. The extent to which COVID-19 pandemic will impact current estimates of ECL is uncertain at this point of time. The Company has conducted a qualitative assessment and has considered forecasted macro economic factors and a higher probability of default to factor in the potential impact of COVID-19 on impairment allowances. For further details, refer note 43.

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

7.3 CREDIT QUALITY OF LOAN ASSETS

The table below shows the gross carrying amount of loans based on the Company's internal grades and year-end stage classification of loans. The amounts presented are gross of impairment allowances. Details of the Company's internal grades are explained in note 43.1.

(₹ In Lakhs)

	As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal grades								
Performing								
High quality assets	370,475.42	-	-	370,475.42	327,645.11	-	-	327,645.11
Quality assets	-	3,936.84	-	3,936.84	-	3,718.22	-	3,718.22
Standard assets	-	3,989.55	-	3,989.55	-	4,917.00	-	4,917.00
Non- performing								
Sub standard assets	-	-	2,648.01	2,648.01	-	-	3,845.05	3,845.05
Low quality assets	-	-	3,794.49	3,794.49	-	-	2,446.80	2,446.80
Total	**370,475.42**	**7,926.39**	**6,442.50**	**384,844.31**	**327,645.11**	**8,635.22**	**6,291.85**	**342,572.18**

8. INVESTMENTS

(₹ In Lakhs)

	As at 31 March 2021				As at 31 March 2020				As at 01 April 2019			
	At amortised cost	At fair value through P&L	Others*	Total	At amortised cost	At fair value through P&L	Others*	Total	At amortised cost	At fair value through P&L	Others*	Total
	(1)	(2)	(3)	(4=1+2+3)	(1)	(2)	(3)	(4=1+2+3)	(1)	(2)	(3)	(4=1+2+3)
Investments in												
Alternative investment funds	-	2,029.90	-	2,029.90	-	-	-	-	-	-	-	-
Pass through certificates under securitization transactions	6,564.03	-	-	6,564.03	-	-	-	-	-	-	-	-
Market linked debentures	-	11,566.97	-	11,566.97	-	-	-	-	-	-	-	-
Non - convertible debentures	-	-	-	-	500.00	-	-	500.00	-	-	-	-
Subsidiary #	-	1,124.15	2,220.83	3,344.98	-	1,032.77	2,217.26	3,250.03	-	-	2,227.05	2,227.05
Total – Gross (A)	**6,564.03**	**14,721.02**	**2,220.83**	**23,505.88**	**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	6,564.03	14,721.02	2,220.83	23,505.88	500.00	1,032.77	2,217.26	3,750.03	-	-	2,227.05	2,227.05
Total (B)	**6,564.03**	**14,721.02**	**2,220.83**	**23,505.88**	**500.00**	**1,032.77**	**2,217.26**	**3,750.03**	**-**	**-**	**2,227.05**	**2,227.05**
Less: Allowance for Impairment Loss (C)	(2.52)	-	-	(2.52)	-	-	-	-	-	-	-	-
Total – Net D= (A)-(C)	**6,561.51**	**14,721.02**	**2,220.83**	**23,503.36**	**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 2021	As at 31 March 2020	As at 01 April 2019
Investment in equity shares of subsidiary	1,975.00	1,975.00	1,975.00
Investment in debt component of optionally convertible preference shares of subsidiary	632.37	540.99	-
Deemed investment in optionally convertible preference shares of subsidiary	491.78	491.78	-
Investment in subsidiary on account of:			
Corporate financial guarantee given to bank on behalf of subsidiary	239.03	235.46	245.25
Issuance of equity shares to the employees of subsidiary at discount	6.80	6.80	6.80
Total	**3,344.98**	**3,250.03**	**2,227.05**

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

9. OTHER FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Security deposits	69.11	70.39	56.88
Spread receivable on assigned portfolio	4,330.91	7,725.54	7,093.99
Interest accrued but not due on investments	2.20	2.77	-
Ex-gratia interest amount under GOI scheme (net of ECL)	362.62	-	-
Total other financial assets	**4,764.84**	**7,798.70**	**7,150.87**

10 PROPERTY, PLANT AND EQUIPMENTS AND INTANGIBLE ASSETS

(₹ In Lakhs)

Nature of assets	Property, plant and equipment (a)					Intangible assets (b)	
	Buildings	Office equipment	Furniture and fixtures	Vehicles	Total	Software	Total
Cost							
At 1 April 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	73.89	-	-
At 31 March 2020	**668.20**	**344.16**	**280.52**	**163.57**	**1,456.45**	**37.40**	**37.40**
Additions	-	16.79	-	-	16.79	3.13	3.13
Disposals	-	32.01	-	-	32.01	-	-
At 31 March 2021	**668.20**	**328.94**	**280.52**	**163.57**	**1,441.23**	**40.53**	**40.53**
Depreciation/Amortisation							
At 1 April 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	72.54	-	-
At 31 March 2020	**31.93**	**120.77**	**49.98**	**55.21**	**257.89**	**26.33**	**26.33**
Depreciation/amortization charge	11.44	67.33	28.68	25.37	132.82	5.44	5.44
Disposal	-	30.75	-	-	30.75	-	-
At 31 March 2021	**43.37**	**157.35**	**78.66**	**80.58**	**359.96**	**31.77**	**31.77**
Net block value:							
At 1 April 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
At 31 March 2021	**624.83**	**171.59**	**201.86**	**82.99**	**1,081.27**	**8.76**	**8.76**

(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 1 April 2019	**223.14**
Additions	10.58
Disposals	13.02
At 31 March 2020	**220.70**
Additions	-
Disposals	24.69
At 31 March 2021	**196.01**
Depreciation	
At 1 April 2019	**-**
Additions	93.75

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

(₹ In Lakhs)

Disposals	1.49
At 31 March 2020	**92.26**
Additions	74.72
Disposals	8.67
At 31 March 2021	**158.31**
Net Block Value:	
At 1 April 2019	223.14
At 31 March 2020	128.44
At 31 March 2021	**37.70**

(d) Capital work in progress

Capital work in progress includes borrowing costs related to development of building amounted to ₹ 181.39 lakhs (31 March 2020: ₹ 231.57 lakhs). Finance costs are capitalised using rates based on specific borrowing rate i.e. 9.08%.

(₹ In Lakhs)

Capital work-in-progress	
At 1 April 2019	**4,564.43**
Additions	256.91
Disposals	-
At 31 March 2020	**4,821.34**
Additions	181.39
Disposals	-
At 31 March 2021	**5,002.73**

11 OTHER NON-FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Prepaid expenses	7.78	24.76	6.84
Advances to employees	16.04	11.46	12.48
Re-possessed assets	176.00	174.68	136.91
Gratuity fund [Refer note 40(b)]	-	-	17.23
Other advances	252.89	23.64	22.59
Total	**452.71**	**234.54**	**196.05**

12 DEBT SECURITIES (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Secured debentures (refer note 12.1)			
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	10,000.00	-	-
- 500, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	5,000.00	-	-
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	10,000.00	-	-
Market Linked debenture (refer note 12.1)	6,500.00	-	-
Less: Unamortised borrowing costs	(88.48)	-	-
Total	**31,411.52**	**-**	**-**
Debt securities in India	31,411.52	-	-
Debt securities outside India	-	-	-
Total	**31,411.52**	**-**	**-**

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

12.1 DETAILS OF TERMS OF REDEMPTION/REPAYMENT IN RESPECT OF DEBT SECURITIES:

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Debentures					
1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	10,000.00	-	-	Coupon Rate: 9% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor: 1 year and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
500, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	5,000.00	-	-	Coupon Rate: 9% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor: 1 year and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	10,000.00	-	-	Coupon Rate: 9% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor: 1 year and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	6,500.00	-	-	Coupon Rate: Market Linked Coupon Payment frequency: on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor: 2 Years	Secured by a first ranking exclusive Hypothecation charge over Assets
Total debentures	**31,500.00**	**-**	**-**		

13 BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
(a) Term loans (refer note 13.1)			
(i) from banks	110,752.20	109,044.61	50,489.37
(ii) from other parties (financial institutions)	35,102.40	19,524.40	25,003.86
(b) Loans repayable on demand from banks - cash credit (Refer note below)	34,324.47	16,494.45	43,478.04
(c) Short term loans from banks (Refer note below)	112,796.22	107,800.00	77,500.00
Less: Unamortised borrowing costs	(999.99)	(842.12)	(488.28)
Total	**291,975.30**	**252,021.34**	**195,982.99**
Secured	289,496.03	249,545.92	195,982.99
Unsecured	2,479.27	2,475.42	-
Total	**291,975.30**	**252,021.34**	**195,982.99**
Borrowings in India	291,975.30	252,021.34	195,982.99
Borrowings outside India	-	-	-
Total	**291,975.30**	**252,021.34**	**195,982.99**

Note:

For Cash credit and short term loans

a.) Cash credit / short term loans from banks are secured by hypothecation of movable assets of the Company and goods covered under hypothecation ("HP") agreements / Loan cum HP agreements and book debts, receivables, loans and advances and entire portfolio

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

outstanding (except specific portfolio generated from various term loans sanctioned by various banks/financial institutions on an exclusive basis) and equitable mortgage/negative lien by deposit of title deeds on some of the Company's immovable properties, as collateral security. The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi, Mrs. Shweta Kamlesh Gandhi and Legal heirs of Late Mr. Mukesh Chimanlal Gandhi.

b.) Interest rate range

Interest rate ranges from 7.65% p.a to 12.00% p.a as at 31 March 2021.

Interest rate ranges from 8.50% p.a to 12.00% p.a as at 31 March 2020.

Interest rate ranges from 8.40% p.a to 12.00% p.a as at 1 April 2019.

The Company has not defaulted in repayment of borrowings and interest.

The carrying amount of financial assets which is hypothecated against all secured borrowing inclusive of margin requirement ranging from 1.10 times to 1.25 times is amounting to ₹ 3,82,579.83 lakhs (31 March 2020: ₹ 3,28,735.45 lakhs, 1 April 2019: ₹ 3,20,605.82 lakhs).

13.1 DETAILS OF TERMS OF REPAYMENT IN RESPECT OF TERM LOANS:

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term loans from banks (Refer note i)					
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	2,400.00	-	-	Repayable in 12 Quarterly installments from 30 June 2021	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 3	-	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 and Mrs. Shweta Gandhi.
Term Loan - 4	-	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 and Mrs. Shweta Gandhi.
Term Loan - 5	0.58	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 and Mrs. Shweta Gandhi.
Term Loan - 6	8,000.00	-	-	Repayable in 20 Quarterly installments from 30 June 2021.	Secured by a first ranking and exclusive charge on standard receivables of the Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 7	7,500.00	-	-	Repayable in 33 monthly installments from 30 July 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 8	-	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 .

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loan - 9	626.39	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 - 10	778.57	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 - 11	1,914.10	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 - 12	1,958.22	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 .
Term Loan - 13	522.58	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 - 14	2,090.32	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 - 15	870.97	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 - 16	750.00	-	-	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 17	3,000.00	-	-	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 18	1,250.00	-	-	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 19	208.33	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 - 20	-	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 - 21	4,000.00	-	-	Repayable in 36 monthly installments from 30 April 2021.	Secured by a first and exclusive charge on specific book debt and future receivables of the Company created/to be created out of the loan availed .
Term Loan - 22	4,583.33	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 - 23	2,536.36	7,272.73	10,000.00	Repayable in 11 Quarterly installments from 30 September 2019.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company out of the bank finance.Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loan - 24	7,272.73	-	-	Repayable in 11 Quarterly installments from 30 December 2020.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company out of the bank finance.Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 25	10,000.00	-	-	Repayable in 18 Quarterly installments from 30 December 2021.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company out of the bank finance.Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 26	-	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, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loan - 27	-	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 - 28	166.67	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 - 29	1,250.00	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 - 30	3,750.00	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 - 31	4,879.76	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.Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loan - 32	5,200.00	8,450.00	-	Repayable in 16 Quarterly installments from 30 September 2019.	Secured by Hypothecation of portfolio of the Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loan - 33	12,750.00	19,125.00	-	Repayable in 16 Quarterly installments from 29 February 2020.	Secured by Hypothecation of portfolio of the Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loan - 34	2,000.00	-	-	Repayable in 16 Quarterly installments from 26 June 2021.	Exclusive charge by way of hypothecation on book debts under standard assets portfolio of the borower eligible for Bank finance.
Term Loan - 35	15,489.46	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. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 36	5,000.00	-	-	Repayable in 19 Quarterly installments from 30 September 2021.	Exclusive charge by the way of hypothecation on specific receivables of the Company.Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 37	3.83	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	**110,752.20**	**109,044.61**	**50,489.37**		

Note (i):

Interest rate ranges from 8.00% p.a to 10.75% p.a as at 31 March 2021.

Interest rate ranges from 8.75% p.a to 10.75% p.a as at 31 March 2020.

Interest rate ranges from 8.75% p.a to 10.75% p.a as at 1 April 2019.

Term loans from others (Refer note ii)

Term Loans from a Financial Institution - 1	1,053.62	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. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 3	1,705.72	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. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
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	500.00	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	1,666.67	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	1,597.22	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.

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

Term Loans from a Financial Institution - 10	3,116.67	-	-	Repayable in 36 monthly installments from 31 January 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 11	1,600.00	-	-	Repayable in 36 monthly installments from 30 April 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 12	2,500.00	2,500.00	-	Bullet Repayment on 17 August 2026.	N.A.
Term Loans from a Financial Institution - 13	1,300.00	-	-	Repayable in 9 monthly installments from 10 August 2020.	Secured by exclusive first charge by way of hypothecation on standard book debts of the Company.Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 14	62.50	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. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 15	20,000.00	-	-	Repayable in 20 Quarterly installments from 30 June 2021.	Exclusive charge by way of hypothecation of the specific receivables/book debts. Liquid collateral of 10% of the sanctioned amount.
Total term loans from others	**35,102.40**	**19,524.40**	**25,003.86**		

Note (ii):

Interest rate ranges from 6.32% p.a to 11.15% p.a as at 31 March 2021.
Interest rate ranges from 6.43% p.a to 11.15% p.a as at 31 March 2020.
Interest rate ranges from 9.80% p.a to 12.75% p.a as at 1 April 2019.

14. SUBORDINATED LIABILITIES (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Unsecured debentures (refer note 14.1)			
- 400, 14.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	4,000.00	4,000.00	4,000.00
- 200, 13.50% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	2,000.00	2,000.00	2,000.00
Less: Unamortised borrowing costs	(3.45)	(10.82)	(18.22)
Total	**5,996.55**	**5,989.18**	**5,981.78**
Subordinated liabilities in India	5,996.55	5,989.18	5,981.78
Subordinated liabilities outside India	-	-	-
Total	**5,996.55**	**5,989.18**	**5,981.78**

Note: Above unsecured debentures has been re-classified from debt securities to subordinated liabilities.

14.1 DETAILS OF TERMS OF REPAYMENT IN RESPECT OF SUBORDINATED LIABILITIES:

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Subordinated liabilities					
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each	4,000.00	4,000.00	4,000.00	Coupon Rate: 13.00% p.a. Coupon Payment frequency: Quarterly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor :7 years	N.A.
200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each	2,000.00	2,000.00	2,000.00	Coupon Rate: 13.50% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 6 years and 6 months	N.A.
Total subordinated liabilities	**6,000.00**	**6,000.00**	**6,000.00**		

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

15. OTHER FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Interest accrued but not due on borrowings	2,198.74	1,213.79	396.02
Interest accrued but not due on others	2,570.49	3,319.54	3,078.89
Dues to the assignees towards collections from assigned receivables	26,185.14	26,149.22	17,922.21
Security deposits received from borrowers	31,905.41	49,730.87	50,878.81
Advances received against loan agreements	-	10,022.97	-
Unpaid dividend on equity shares	1.83	2.98	0.49
Dealer advances	266.90	108.05	142.90
Lease liability	46.38	146.45	-
Provision for Interest on Interest waiver	78.67	-	-
Total other financial liabilities	**63,253.56**	**90,693.87**	**72,419.32**

16. PROVISIONS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Provision for employee benefits (Refer note 40)			
Compensated absences	7.07	-	15.84
Gratuity	5.10	45.65	-
Provision for unspent CSR liability	384.21	-	-
Total provisions	**396.38**	**45.65**	**15.84**

17. OTHER NON-FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Statutory remittances	236.55	442.68	474.92
Financial guarantee liability	2.82	1.76	16.24
Unearned income on assigned loans	4,330.91	7,725.54	7,093.99
Income received in advance	965.53	1,414.29	1,447.42
Total other non-financial liabilities	**5,535.81**	**9,584.27**	**9,032.57**

18. EQUITY SHARE CAPITAL

(₹ In Lakhs)

		As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Authorized shares:				
6,40,00,000	Equity Shares of ₹ 10 each (As at 31 March 2020: 6,40,00,000 Equity Shares of ₹ 10 each) (As at 1 April 2019: 6,40,00,000 Equity Shares of ₹ 10 each)	6,400.00	6,400.00	6,400.00
2,20,00,000	0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2020: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) (As at 1 April 2019: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00	2,200.00
2,20,00,000	13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2020: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) (As at 1 April 2019: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00	2,200.00

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

(₹ In Lakhs)

		As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
400	9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each (As at 31 March 2020: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each) (As at 1 April 2019: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each)	400.00	400.00	400.00
		11,200.00	**11,200.00**	**11,200.00**
Issued, subscribed and fully paid-up shares:				
5,46,62,043	Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2020: 5,46,62,043 Equity Shares of ₹ 10 each) (As at 1 April 2019: 5,46,62,043 Equity Shares of ₹ 10 each)	5,466.20	5,466.20	5,466.20
		5,466.20	**5,466.20**	**5,466.20**

18.1 RECONCILIATION OF THE NUMBER OF SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING YEAR:

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)
Equity Shares				
Outstanding at the beginning of the year	5,46,62,043	5,466.20	5,46,62,043	5,466.20
Issued during the year	-	-	-	-
Outstanding at the end of the year	5,46,62,043	5,466.20	5,46,62,043	5,466.20

18.2 DETAILS OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES:

Class of shares / Name of shareholder	As at 31 March 2021		As at 31 March 2020		As at 01 April 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares						
Shweta Kamlesh Gandhi	1,63,38,450	29.89%	1,63,38,450	29.89%	1,63,38,450	29.89%
Mukesh C. Gandhi (Refer note 1 below)	1,61,56,814	29.56%	1,61,55,814	29.56%	1,61,55,814	29.56%
Kamlesh C. Gandhi (Refer note 2 below)	62,86,833	11.50%	62,81,583	11.49%	62,64,081	11.46%
Vistra ITCL I Ltd Business Excellence Trust III India Business	40,44,579	7.40%	40,05,737	7.33%	39,90,422	7.30%
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund	27,64,059	5.06%	27,78,491	5.08%	-	-

Notes:

1) Mr. Mukesh C. Gandhi has passed away on 19 January 2021.

2) 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 as at 31 March 2020.

18.3 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.

18.4 THE COMPANY HAS NOT ALLOTTED ANY SHARE PURSUANT TO CONTRACTS WITHOUT PAYMENT BEING RECEIVED IN CASH NOR HAS IT BOUGHT BACK ANY SHARES DURING THE PRECEDING PERIOD OF 5 FINANCIAL YEARS.

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

18.5 TERMS / RIGHTS ATTACHED TO EQUITY SHARES

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

19. OTHER EQUITY (REFER NOTE 19.1)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Reserve u/s. 45-IC of RBI Act, 1934		
Outstanding at the beginning of the year	14,522.01	10,957.75
Additions during the year	2,870.06	3,564.26
Outstanding at the end of the year	17,392.07	14,522.01
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	28,104.57	22,694.05
Profit for the year	14,350.30	16,655.35
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	50.15	(22.21)
Transition impact of Ind AS 116	-	(10.31)
	42,505.02	**39,316.88**
Appropriations:		
Transfer to reserve u/s. 45-IC of RBI Act,1934	(2,870.06)	(3,564.26)
Final dividend on equity shares	-	(1,967.83)
Interim dividend on equity shares	-	(4,372.96)
DDT on equity dividend	-	(1,307.26)
Total appropriations	**(2,870.06)**	**(11,212.31)**
Retained earnings	**39,634.96**	**28,104.57**
Other comprehensive income		
Outstanding at the beginning of the year	7,310.18	4,561.22
Loans and advances fair valued through other comprehensive Income	936.29	658.09
Impairment on loans and advances through OCI	4,065.39	2,256.51
Income tax relating to items that will be reclassified to profit or loss	(235.65)	(165.64)
Other comprehensive income for the year, net of tax	12,076.21	7,310.18
Total other equity	**111,790.67**	**92,624.19**

19.1 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.

Notes

Forming part of the Standalone Financial Statements as at 31 March 2021 (Contd.)

The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings with separate disclosure, which comprises of:

i) actuarial gains and losses;

ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

4. Other comprehensive income

On equity investments

The Company has elected to recognise changes in the fair value of investments in equity securities (other than investment in subsidiary) in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

On loans

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity. The Company transfers amounts from this reserve to the statement of profit and loss when the loans and advances are sold. Further, impairment loss allowances on the loans are recognised in OCI.

19.2 EQUITY DIVIDEND PAID AND PROPOSED

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Declared and paid during the year		
Dividends on equity shares:		
Final dividend for 31 March 2020: Nil per share (31 March 2019: ₹ 3.60 per share)	-	1,967.83
Interim dividend for 31 March 2021: Nil per share (31 March 2020 : ₹ 8 per share)	-	4,372.96
Total dividends paid	**-**	**6,340.79**

(₹ In Lakhs)

	31 March 2021	31 March 2020
Proposed for approval at Annual General Meeting (not recognised as a liability)		
Dividend on equity shares:		
Final dividend for 31 March 2021: ₹ 1.5 per share (31 March 2020: Nil per share)	819.93	-

20. INTEREST INCOME

(₹ In Lakhs)

	Year ended 31 March 2021			Year ended 31 March 2020		
	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	43,935.16	-	43,935.16	52,413.63	-	52,413.63
Interest on deposits with banks	-	2,913.80	2,913.80	-	1,155.47	1,155.47
Other interest income	586.96	871.32	1,458.28	719.38	1,220.53	1,939.91
Total	**44,522.12**	**3,785.12**	**48,307.24**	**53,133.01**	**2,376.00**	**55,509.01**

21. NET GAIN ON FAIR VALUE CHANGES

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Net gain on financial instruments at fair value through profit or loss - investments	56.32	-
Fair value changes:		
- Realised	29.90	-
- Unrealised	26.42	-
Total	**56.32**	**-**

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021

22. OTHER INCOME

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Rental income	11.71	14.40
Net loss on derecognition of property, plant and equipment	(1.16)	(0.82)
Dividend income	39.19	6.33
Income from debt component of OCPS investment in subsidiary	64.95	32.78
Interest income from debentures	39.25	8.26
Interest income from pass through certificates	2.20	-
Gain on derecognition of leased asset	2.81	0.83
Income from non-financing activity	11.64	9.97
Total	**170.59**	**71.75**

23. FINANCE COST (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Interest on debt securities	1,478.89	-
Interest on borrowings	19,430.03	20,438.14
Interest on subordinated liabilities	790.00	791.81
Other interest expense	3,538.23	4,895.94
Other borrowing cost	1,202.87	1,076.56
Lease liability interest obligation	9.06	17.86
Total	**26,449.08**	**27,220.31**

24. IMPAIRMENT ON FINANCIAL ASSETS

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Loans (measured at FVOCI)		
- Expected credit loss	4,065.44	2,256.51
- Write off (net of recoveries)	3,420.66	5,990.78
Investments (measured at amortised cost)		
- Expected credit loss	2.52	-
Total	**7,488.62**	**8,247.29**

25. EMPLOYEE BENEFITS EXPENSE

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries and wages	2,746.20	4,949.82
Contribution to provident fund and other funds	153.23	188.62
Gratuity expense (Refer note 40)	49.50	38.63
Staff welfare expenses	23.96	63.72
Total	**2,972.89**	**5,240.79**

26. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation on property, plant and equipment	132.82	127.25
Amortisation of intangible assets	5.44	10.51
Right-of-use asset depreciation	74.72	93.75
Total	**212.98**	**231.51**

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

27. OTHER EXPENSES

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Rent	148.70	126.85
Rates and taxes	15.99	9.78
Stationery and printing	39.76	91.10
Telephone	51.82	64.86
Electricity	54.56	72.83
Postage and courier	40.46	85.40
Insurance	99.91	93.62
Conveyance	58.95	138.45
Travelling	52.97	238.72
Repairs and maintenance:		
Building	1.27	39.72
Others	66.37	127.30
Professional fees	458.00	490.58
Payment to auditors (Refer note below)	62.32	59.51
Directors' sitting fees	9.27	7.41
Legal expenses	49.99	154.07
Bank charges	145.08	235.35
Advertisement expenses	11.81	204.04
Loss on sale of repossessed assets	351.42	347.26
Sales promotion expenses	2.27	48.00
Recovery contract charges	35.93	65.03
Corporate social responsibility expenditure (Refer note 32)	417.64	53.91
Miscellaneous expenses	177.19	160.07
Total	**2,351.68**	**2,913.86**
Note: Payment to auditors (including taxes)		
As auditor		
Statutory audit	25.07	24.71
Limited review of quarterly results	29.43	29.43
Other services	7.63	2.18
Reimbursements of expenses	0.19	3.19
	62.32	**59.51**

28. TAX EXPENSES

The components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax	5,809.77	6,291.68
Adjustment in respect of current income tax of prior years	-	(96.10)
Deferred tax	(870.78)	(34.73)
Total tax charge	**4,938.99**	**6,160.85**
Current tax	5,809.77	6,195.58
Deferred tax	(870.78)	(34.73)

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 asset had been re-measured at lower rate with a one-time impact of ₹ 452.67 lakhs recognised in the standalone financial statements for the year ended 31 March 2020.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

28.1 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 2021 and 31 March 2020 is, as follows:

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Accounting profit before tax	19,289.29	22,816.20
Applicable tax rate	25.17%	25.17%
Computed tax expense	**4,854.73**	**5,742.84**
Tax effect of :		
Exempted income	(0.88)	(2.68)
Non deductible items	113.93	77.28
Adjustment on account of change in tax rate	-	452.67
Adjustment in respect of current income tax of prior years	-	(96.10)
Others	(28.79)	(13.16)
Tax expenses recognised in the statement of profit and loss	**4,938.99**	**6,160.85**
Effective tax rate	25.60%	27.00%

28.2 DEFERRED TAX

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Deferred tax asset / liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	1,498.41	1,618.38
Credit / (charge) for loans and advances through OCI	(235.65)	(165.64)
Credit / (charge) for remeasurement of the defined benefit liabilities	(16.87)	7.47
Credit / (charge) to the statement of profit and loss	870.78	34.73
Credit/(Charge) to other equity	-	3.47
At the end of year DTA / (DTL) (net)	**2,116.67**	**1,498.41**

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 2020	Statement of profit and loss	OCI	Other Equity	As at 31 March 2021
Component of deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to:					
Difference between written down value of fixed assets as per books of accounts and income tax	(35.82)	(1.79)	-	-	(37.61)
Deferred tax on fair value of investments	(1.71)	-	-	-	(1.71)
Impact of fair value of assets	(122.06)	-	(235.65)	-	(357.71)
Income taxable on realised basis	167.11	(160.75)	-	-	6.36
Deferred tax on prepaid finance charges	(3.51)	2.03	-	-	(1.48)
Impairment on financial assets	1,474.04	1,023.74	-	-	2,497.78
Recognition of lease liability and right to use asset	4.53	(2.35)	-	-	2.18
Expenses allowable on payment basis	15.83	9.90	(16.87)	-	8.86
Total	**1,498.41**	**870.78**	**(252.52)**	**-**	**2,116.67**

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

(₹ In Lakhs)

	As at 1 April 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	60.49	(16.91)	(165.64)	-	(122.06)
Income taxable on realised basis	357.88	(190.77)	-	-	167.11
Deferred tax on prepaid finance charges	(19.68)	16.17	-	-	(3.51)
Impairment on financial assets	1257.96	216.08	-	-	1,474.04
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	**1,618.38**	**34.73**	**(158.17)**	**3.47**	**1,498.41**

28.3 CURRENT TAX LIABILITIES

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Provision for tax [net of advance tax of ₹ 4,632.93 lakhs (31 March 2020 Nil and 1 April 2019 ₹ 6,614.30 lakhs)]	1,176.84	-	1,621.04

28.4 INCOME TAX ASSETS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Income tax assets [net of provision for tax of ₹ 22,294.09 lakhs (31 March 2020 ₹ 27,289.09 lakhs and 1 April 2019 ₹ 12,771.00 lakhs)]	592.40	221.38	95.16

29. EARNINGS PER SHARE

(₹ In Lakhs)

		Year ended 31 March 2021	Year ended 31 March 2020
(A)	**Basic earnings per share**		
	Net profit for the year attributable to equity shareholders (basic)	**14,350.30**	**16,655.35**
	Weighted average number of equity shares of ₹ 10 each	54,662,043	54,662,043
	Basic earnings per share of face value of ₹ 10 each (in ₹)	26.25	30.47
(B)	**Diluted earnings per share**		
	Net profit for the year attributable to equity shareholders (diluted)	**14,350.30**	**16,655.35**
	Weighted average number of equity shares of ₹ 10 each	54,662,043	54,662,043
	Diluted earnings per share of face value of ₹ 10 each (in ₹)	26.25	30.47

30. CHANGES IN ACCOUNTING POLICIES

The accounting policies and practices followed in the preparation of the standalone financial statements for the year ended 31 March 2021 are the same as those followed in the preparation of the standalone financial statements for the year ended 31 March 2020, except for the change in accounting policy as explained in below paras.

Amortising the gain on assignment of financial assets over the residual tenure instead of booking upfront gain

During the year ended 31 March 2020, on derecognition of loans in its entirety upon assignment, as per Ind AS 109 'Financial Instruments', the Company has been recognising the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including new asset obtained less any new liability assumed) as gain immediately in the statement of profit or loss.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

In view of the Company, earlier accounting treatment inflates the income at the time of assignment and leads to reporting higher earnings per share, potentially higher dividend pay-out and improved capital adequacy ratio. Further, after taking views from RBI circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 which states that the responsibility of preparing and ensuring fair presentation of the financial statements of a NBFC vests primarily with its Board of Directors, RBI circular no. DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012 which had clearly mandated the NBFCs to amortise the gain on assignment over the tenure of the loan and also as per paragraph 19 of Ind AS 1 'Presentation of Financial Statements', management has concluded that the upfront booking of income which is to be received over underlying residual tenure of the assigned portfolio would be so misleading for the users of the financial statements, that it would conflict with the objective of the financial statements set out in the Conceptual Framework for Financial Reporting under Ind AS and therefore to present a true and fair view of the Company's financial position, financial performance for the given period, during the year ended 31 March 2021, the Company has departed from the requirements of Ind AS 109 and changed its policy for more transparent and fair representation of the financial statements.

As per the new policy, on derecognition of financial assets on account of direct assignment of loans, gain is recognized as "Unearned income on assigned loans" under the head other non-financial liabilities and amortized in the profit or loss over the underlying residual terms of the assigned portfolio.

Further, NBFC industry body Finance Industry Development Council (the 'association') which is represented by more than 100 NBFCs, has made representation to Reserve Bank of India and National Financial Reporting Authority ('NFRA') whereby the said change in accounting policy has also been requested by the association also. The association has requested RBI and NFRA to allow the gain on direct assignment transactions to be amortized instead of recognition of the gain in the statement of profit and loss immediately upon assignment of the loans due to above mentioned limitations.

As per paragraph 14(b) of Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', an entity may change its accounting policy if it results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. The Company believes that by following new policy, the above objective will be achieved.

As per the requirement of Ind AS 1, the new accounting policy has been implemented retrospectively from the beginning of the earliest period presented i.e. 1 April 2019. On account of new policy, in case of derecognition of loans upon assignment prior to 1 April 2019, where underlying residual terms of the assigned portfolio was falling on or after 1 April 2019, the Company has reduced other equity by ₹ 4,615.06 lakh, reduced the deferred tax liability by ₹ 2,478.93 lakh and recognized unearned income on assigned loans under the head other non-financial liabilities of ₹ 7,093.99 lakh.

Had the Company not revised its policy, other equity would have increased by ₹ 3,240.74 lakh to ₹ 1,15,031.41, deferred tax assets would have decreased by ₹ 1,090.17 lakh and liability on unearned income would have decreased by ₹ 4,330.91 lakh to Nil as at 31 March 2021. Had the Company followed the accounting policy which it followed hitherto, the Company would have recognized gain on assignment of ₹ 4,664.06 lakh for the year ended 31 March 2021. As per the new policy, the Company has recognized gain on assignment (on amortised basis) of ₹ 8,058.70 lakh for the year ended 31 March 2021. Accordingly, gain on assignment would have decreased by ₹ 3,394.64 lakh and deferred tax credit would have increased by ₹ 854.36 lakh for the year ended 31 March 2021.

As per the requirement of Ind AS 8, the Company has restated the financial information of previous financial year 2019-20 to reflect the change in accounting policy as explained above. The following table summarises the reconciliation of figures restated with previously reported figures. The tables show the adjustments recognised for each individual line item.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

(₹ In Lakhs)

Standalone Balance Sheet	31 March 2020 as originally presented*	Adjustment	31 March 2020 (Restated)	31 March 2019 as originally presented*	Adjustment	1 April 2019 (Restated)
ASSETS						
Financial assets						
Cash and cash equivalents	102,478.12	-	102,478.12	35,625.65	-	35,625.65
Bank balance other than cash and cash equivalents	190.55	-	190.55	1,278.75	-	1,278.75
Loans	334,846.64	-	334,846.64	318,065.33	-	318,065.33
Investments	3,750.03	-	3,750.03	2,227.05	-	2,227.05
Other financial assets	7,798.70	-	7,798.70	7,150.87	-	7,150.87
Total financial assets	**449,064.04**	**-**	**449,064.04**	**364,347.65**	**-**	**364,347.65**
Non-financial assets						
Income tax assets (net)	221.38	-	221.38	95.16	-	95.16
Deferred tax assets (net)	(446.11)	1,944.52	1,498.41	(860.55)	2,478.93	1,618.38
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	128.44	-	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 non-financial assets	**6,169.22**	**1,944.52**	**8,113.74**	**5,146.96**	**2,478.93**	**7,625.89**
Total assets	**455,233.26**	**1,944.52**	**457,177.78**	**369,494.61**	**2,478.93**	**371,973.54**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Trade payables	753.08	-	753.08	553.36	-	553.36
Borrowings (other than debt securities)	252,021.34	-	252,021.34	195,982.99	-	195,982.99
Subordinated liabilities	5,989.18	-	5,989.18	5,981.78	-	5,981.78
Other financial liabilities	90,693.87	-	90,693.87	72,419.32	-	72,419.32
Total financial liabilities	**349,457.47**	**-**	**349,457.47**	**274,937.45**	**-**	**274,937.45**
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	1,621.04	-	1,621.04
Provisions	45.65	-	45.65	15.84	-	15.84
Other non-financial liabilities	1,858.73	7,725.54	9,584.27	1,938.58	7,093.99	9,032.57
Total non-financial liabilities	**1,904.38**	**7,725.54**	**9,629.92**	**3,575.46**	**7,093.99**	**10,669.45**
Total liabilities	**351,361.85**	**7,725.54**	**359,087.39**	**278,512.91**	**7,093.99**	**285,606.90**
Equity share capital	5,466.20	-	5,466.20	5,466.20	-	5,466.20
Other equity	98,405.21	(5,781.02)	92,624.19	85,515.50	(4,615.06)	80,900.44
Total equity	**103,871.41**	**(5,781.02)**	**98,090.39**	**90,981.70**	**(4,615.06)**	**86,366.64**
Total liabilities and equity	**455,233.26**	**1,944.52**	**457,177.78**	**369,494.61**	**2,478.93**	**371,973.54**

* The corresponding originally presented figures have been reclassified to conform with restated figures.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

(₹ In Lakhs)

	Standalone statement of profit and loss	Year ended 31 March 2020		
		As originally presented*	Adjustment	Restated
I.	**Revenue from operations**			
	Interest income	55,509.01	-	55,509.01
	Gain on assignment of financial assets	10,748.75	(631.56)	10,117.19
	Fees and commission income	1,573.89	-	1,573.89
	Total revenue from operations	**67,831.65**	**(631.56)**	**67,200.09**
	Other income	71.75	-	71.75
	Total income	**67,903.40**	**(631.56)**	**67,271.84**
II.	**Expenses**			
	Finance costs	27,220.31	-	27,220.31
	Fees and commission expense	601.88	-	601.88
	Impairment on financial assets	8,247.29	-	8,247.29
	Employee benefits expenses	5,240.79	-	5,240.79
	Depreciation and amortization	231.51	-	231.51
	Others expenses	2,913.86	-	2,913.86
	Total expenses	**44,455.64**	**-**	**44,455.64**
	Profit before exceptional items and tax (I - II)	**23,447.76**	**(631.56)**	**22,816.20**
	Exceptional items	-	-	-
III.	**Profit before tax**	**23,447.76**	**(631.56)**	**22,816.20**
IV.	**Tax expense:**			
	Current tax	6,291.68	-	6,291.68
	Excess provision for tax relating to prior years	(96.10)	-	(96.10)
	Net current tax expense	**6,195.58**	**-**	**6,195.58**
	Deferred tax (credit) / charge	(569.13)	534.40	(34.73)
	Net tax expense	**5,626.45**	**534.40**	**6,160.85**
V.	**Profit for the year (III - IV)**	**17,821.31**	**(1,165.96)**	**16,655.35**
VI.	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss:			
	Re-measurement of the defined benefit liabilities	(29.68)	-	(29.68)
	Income tax impact on above	7.47	-	7.47
	Total (A)	(22.21)	-	(22.21)
	(B) Items that will be reclassified to profit or loss:			
	Loans and advances through other comprehensive Income	658.09	-	658.09
	Income tax impact on above	(165.64)	-	(165.64)
	Total (B)	492.45	-	492.45
	Other comprehensive income (A+B)	**470.24**	**-**	**470.24**
VII.	**Total comprehensive income for the year (V + VI)**	**18,291.55**	**(1,165.96)**	**17,125.59**
VIII.	**Earnings per equity share (of ₹ 10 each):**			
	Basic (₹)	**32.60**	**(2.13)**	**30.47**
	Diluted (₹)	**32.60**	**(2.13)**	**30.47**

* The corresponding originally presented figures have been reclassified to conform with restated figures.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

31. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
(A) Contingent liabilities			
I) Guarantees given on behalf of subsidiary company: (Refer note i)			
a) To banks			
Amount of guarantees ₹ 1,000 lakhs (31 March 2020: ₹ 4,300 lakhs and 1 April 2019: ₹ 6,300 lakhs)			
Amount of loans outstanding	107.14	300.30	1,017.56
b) To National Housing Bank ("NHB")			
Amount of guarantees ₹ 500 lakhs (31 March 2020: ₹ 500 lakhs and 1 April 2019: ₹ 200 lakhs)			
Amount of loan outstanding	144.07	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	135.00	200.00	4,000.00

Notes:

i) Guarantees have been given by the Company to various banks and NHB on behalf of the subsidiary company for the loan taken and accordingly, the same has been shown as contingent liability.

The Company's pending litigations comprise of proceedings pending with Income Tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

32. CORPORATE SOCIAL RESPONSIBILITY ("CSR") EXPENSES:

The average profit before tax of the Company for the last three financial years was ₹ 20,882.02 lakhs, basis which the Company was required to spend ₹ 417.64 lakhs towards CSR activities for the current financial year (31 March 2020: ₹ 330.04 lakhs).

a) Amount spent during the year on:

Particulars	31 March 2021			31 March 2020		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purpose other than (i) above	33.43	384.21	417.64	53.91	-	53.91

b) The Company has not made any transaction with related parties in relation to CSR expenditure as per Ind AS 24.

c) In case of Section 135(6): Details of ongoing projects

Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
Nil	N.A.	417.64	33.43	-	384.21	-

Note: Closing balance of ₹ 384.21 lakhs available with the Company shall be transferred to an unspent CSR account by end of 30 April 2021.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

33. SEGMENT REPORTING:

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker (""CODM"") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

34. RELATED PARTY DISCLOSURES:

(a) Related party disclosures as required by Ind AS 24 - Related Party Disclosures.

List of related parties and relationships:

Sr. No.	Nature of relationship	
1	Subsidiary	MAS Rural Housing & Mortgage Finance Limited
2	Key management personnel ("KMP")	Mr. Kamlesh C. Gandhi (Chairman and managing director)
	(where there are transactions)	Mr. Mukesh C. Gandhi (Whole time director and chief financial officer) (till 19 January 2021)
		Mrs. Darshana S. Pandya (Director and chief executive officer)
		Mr. Bala Bhaskaran (Independent director)
		Mr. Umesh Shah (Independent director)
		Mr. Chetanbhai Shah (Independent director)
		Mrs. Daksha Shah (Independent director)
3	Other related parties	Prarthna Marketing Private Limited
	(where there are transactions)	Mrs. Shweta K. Gandhi (relative of KMP)
		Mr. Dhvanil K. Gandhi (relative of KMP)
		Mr. Saumil D. Pandya (relative of KMP)

Transactions with related parties are as follows:

(₹ In Lakhs)

	As at 31 March 2021			
	Subsidiary	Key management personnel	Other related parties	Total
Rent income	11.71	-	-	11.71
Recovery contract charges received	2.40	-	-	2.40
Expenditure reimbursed by	12.59	-	-	12.59
Remittances of collection received on behalf of	36.47	-	-	36.47
Remuneration (including bonus)	-	39.56	64.70	104.26
Dividend received	39.19	-	-	39.19
Sitting fees	-	8.50	-	8.50

(₹ In Lakhs)

	As at 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

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

Balances outstanding from related parties are as follows:

(₹ In Lakhs)

	As at 31 March 2021			
	Subsidiary	Key management personnel	Other related parties	Total
Bonus payable	-	1.20	1.92	3.12
Investment	3,344.98	-	-	3,344.98
Guarantees outstanding	251.21	-	-	251.21

(₹ 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

(₹ In Lakhs)

	As at 01 April 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 ₹ 2.51 lakhs (31 March 2020: ₹ 4.69 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 2021	Year ended 31 March 2020
Post-employment benefits	2.68	2.48
Other long term employment benefits	0.38	-
	3.06	**2.48**

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

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

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

(₹ In Lakhs)

Sr. No.	Name	As at 31 March 2021	Maximum balance outstanding during the year ended 31 March 2021	As at 31 March 2020	Maximum balance outstanding during the year ended 31 March 2020	As at 01 April 2019
1	M Power Micro Finance Private Limited	-	1,305.11	1,300.00	1,300.00	500.00

* The director interested in M Power Micro Finance Private Limited redeemed his holding on 23 October 2020 and hence, the disclosures made are of maximum balance outstanding up to that date.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

35. Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 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.	-	-	-

36. 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 2021 and 31 March 2020. 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)	Net amount
31 March 2021						
Loans and advances	**383,459.23**	**2,945.83**	**380,513.40**	**-**	**31,905.41**	**348,607.99**
31 March 2020						
Loans and advances	338,196.29	3,349.65	334,846.64	10,022.97	49,730.87	275,092.80
1 April 2019						
Loans and advances	336,514.90	1,668.26	334,846.64	-	50,878.81	283,967.83

Note:

1. ₹ 2,945.83 lakhs (31 March 2020: ₹ 13,372.62 lakhs, 1 April 2019: ₹ 1,668.26 lakhs) represents advances received against loan agreements.
2. ₹ 31,905.41 lakhs (31 March 2020: ₹ 49,730.87 lakhs, 1 April 2019: ₹ 50,878.81 lakhs) represents security deposits received from borrowers.

37. 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.

In accordance with RBI Circular no. RB1/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated 7 April 2021 and the methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association dated 19 April 2021, the Company has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the moratorium period, i.e. 1 March 2020 to 31 August 2020. The Company has calculated the said amount and made a provision in the financial statements for the year ended 31 March 2021 considering the same as adjusting event. As on 31 March 2021, the Company holds a specific liability of ₹ 78.67 lakhs which is debited to interest income to meet its obligation towards refund / adjustment of interest on interest to eligible borrowers as prescribed by the RBI.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

38. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to the statement of profit and loss:

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Type of income		
Services charges	988.91	1,163.19
Others	1,804.62	406.01
Total revenue from contracts with customers	**2,793.53**	**1,569.20**
Geographical markets		
India	2,793.53	1,569.20
Outside India	-	-
Total revenue from contracts with customers	**2,793.53**	**1,569.20**
Timing of revenue recognition		
Services transferred at a point in time	2,793.53	1,569.20
Services transferred over time	-	-
Total revenue from contracts with customers	**2,793.53**	**1,569.20**

39. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ In Lakhs)

	As at 31 March 2021			As at 31 March 2020			As at 01 April 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	96,505.14	-	96,505.14	102,478.12	-	102,478.12	35,625.65	-	35,625.65
Bank balance other than cash and cash equivalents	1,043.21	2,137.54	3,180.75	162.26	28.29	190.55	1,278.75	-	1,278.75
Loans	230,040.95	150,472.45	380,513.40	160,112.35	174,734.29	334,846.64	175,270.50	142,794.83	318,065.33
Investments	6,107.17	17,396.19	23,503.36	500.00	3,250.03	3,750.03	-	2,227.05	2,227.05
Other financial assets	3,979.29	785.55	4,764.84	6,644.13	1,154.57	7,798.70	6,028.46	1,122.41	7,150.87
Non-financial assets									
Income tax assets (net)	-	592.40	592.40	-	221.38	221.38	-	95.16	95.16
Deferred tax assets (net)	-	2,116.67	2,116.67	-	1,498.41	1,498.41	-	1,618.38	1,618.38
Property, plant and equipment	-	1,081.27	1,081.27	-	1,198.56	1,198.56	-	1,140.92	1,140.92
Capital work-in-progress	-	5,002.73	5,002.73	-	4,821.34	4,821.34	-	4,564.43	4,564.43
Right-of-use asset	32.45	5.25	37.70	78.68	49.76	128.44	-	-	-
Other intangible assets	-	8.76	8.76	-	11.07	11.07	-	10.95	10.95
Other non-financial assets	452.71	-	452.71	234.54	-	234.54	196.05	-	196.05
Total assets	**338,160.92**	**179,598.81**	**517,759.73**	**270,210.08**	**186,967.70**	**457,177.78**	**218,399.41**	**153,574.13**	**371,973.54**
LIABILITIES									
Financial liabilities									
Trade payables	756.90	-	756.90	753.08	-	753.08	553.36	-	553.36
Debt securities	24,976.34	6,435.18	31,411.52	-	-	-	-	-	-
Borrowings (other than debt securities)	206,099.26	85,876.04	291,975.30	176,070.16	75,951.18	252,021.34	151,412.91	44,570.08	195,982.99
Subordinated liabilities	1,996.55	4,000.00	5,996.55	-	5,989.18	5,989.18	-	5,981.78	5,981.78
Other financial liabilities	49,253.17	14,000.39	63,253.56	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)	1,176.84	-	1,176.84	-	-	-	1,621.04	-	1,621.04
Provisions	-	396.38	396.38	-	45.65	45.65	15.84	-	15.84
Other non-financial liabilities	4,398.23	1,137.58	5,535.81	7,843.14	1,741.13	9,584.27	6,842.93	2,189.64	9,032.57
Total liability	**288,657.29**	**111,845.57**	**400,502.86**	**245,192.26**	**113,895.13**	**359,087.39**	**194,343.12**	**91,263.78**	**285,606.90**
Net	**49,503.63**	**67,753.24**	**117,256.87**	**25,017.82**	**73,072.57**	**98,090.39**	**24,056.29**	**62,310.35**	**86,366.64**

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

40. EMPLOYEE BENEFIT PLAN

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefits are as under:

(a) Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹ 126.89 lakhs (31 March 2020: ₹ 149.78 lakhs) and employee state insurance scheme aggregating ₹ 15.75 lakhs (31 March 2020: ₹ 24.71 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

Financial assets not measured at fair value

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

The status of gratuity plan as required under Ind AS 19 is as under:

(₹ In Lakhs)

		As at 31 March 2021	As at 31 March 2020
i.	**Reconciliation of opening and closing balances of defined benefit obligation**		
	Present value of defined benefit obligations at the beginning of the year	294.76	217.03
	Current service cost	48.44	41.52
	Interest cost	19.84	16.26
	Benefits paid	(8.37)	(5.20)
	Re-measurement (or Actuarial) (gain) / loss arising from:		
	Change in demographic assumptions	(5.74)	1.08
	Change in financial assumptions	-	25.65
	Experience variance (i.e. Actual experience vs. assumptions)	(65.15)	(1.58)
	Present value of defined benefit obligations at the end of the year	**283.78**	**294.76**
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	249.11	234.26
	Interest income	18.78	19.15
	Return on plan assets excluding amounts included in interest income	(3.88)	(4.53)
	Contributions by the Company	23.04	5.43
	Benefits paid	(8.37)	(5.20)
	Fair value of plan assets at the end of the year	**278.68**	**249.11**
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	283.78	294.76
	Fair value of plan assets at the end of the year	278.68	249.11
	Net asset / (liability) recognized in the balance sheet as at the end of the year	**(5.10)**	**(45.65)**

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 2021*	As at 31 March 2020
State government security	-	56%
NCD / Bonds	-	21%
Central Government security	-	19%
CBLO, bank balance, etc.	-	0%
Equity	-	4%
Other approved security	-	0%
Total	**-**	**100%**

* The exposure of investments made in respective securities as at 31 March 2021 is not shared by LIC due to change in their policy, hence the Company is unable to disclose the same.

(₹ In Lakhs)

		Year ended 31 March 2021	Year ended 31 March 2020
v.	**Expense recognised during the Year**		
	Current service cost	48.44	41.52
	Interest cost	1.06	(2.89)
	Expenses recognised in the statement of profit and loss	**49.50**	**38.63**
vi.	**Other comprehensive income**		
	Components of actuarial gain/losses on obligations:		
	Due to change in financial assumptions	-	25.65
	Due to change in demographic assumption	(5.74)	1.08
	Due to experience adjustments	(65.15)	(1.58)
	Return on plan assets excluding amounts included in interest income	3.88	4.53
	Components of defined benefit costs recognised in other comprehensive income	**(67.01)**	**29.68**

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

(₹ In Lakhs)

		As at 31 March 2021	As at 31 March 2020
vii.	**Principal actuarial assumptions**		
	Discount rate (per annum)	6.85%	6.85%
	Rate of return on plan assets (p.a.)	6.85%	6.85%
	Annual increase in salary cost	8.00%	8.00%
	Withdrawal rates per annum		
	25 and below	10.00%	5.00%
	26 to 35	8.00%	4.50%
	36 to 45	6.00%	3.50%
	46 to 55	4.00%	2.50%
	56 and above	2.00%	2.00%

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

viii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Defined benefit obligation (Base)	283.78	294.76

(₹ In Lakhs)

	Year ended 31 March 2021		Year ended 31 March 2020	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	299.98	268.83	313.84	277.28
(% change compared to base due to sensitivity	5.71%	-5.26%	6.48%	-5.93%
Salary growth rate (- / + 0.5%)	271.30	296.98	280.68	309.61
(% change compared to base due to sensitivity)	-4.40%	4.65%	-4.78%	5.04%
Withdrawal rate (W.R.) (W.R. x 90% / W.R. x 110%)	284.86	282.75	295.27	294.24
(% change compared to base due to sensitivity)	0.38%	-0.36%	0.17%	-0.18%

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.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

b) Maturity profile of defined benefit obligation

The average outstanding term of the obligations (years) as at valuation date is 11.31 years.

	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1st Following Year	14.77	2.10%
2nd Following year	15.10	2.10%
3rd Following Year	16.44	2.30%
4th Following Year	16.96	2.40%
5th Following Year	18.23	2.60%
Sum of years 6 to 10	116.54	16.60%

The future accrual is not considered in arriving at the above cash-flows.

The expected contribution for the next year is ₹ 5.10 lakhs.

(c) Other long term employee benefits

The liability for compensated absences as at 31 March 2021 is ₹ 7.07 lakhs and as at 31 March 2020 is Nil.

41. FINANCIAL INSTRUMENT AND FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

A. Accounting classifications and fair values

The carrying amount and fair value of financial instruments including their levels in the fair value hierarchy presented below:

As at 31 March 2021	Carrying amount			Fair value			
	Amortised Cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Loans	-	380,513.40	-	-	-	380,513.40	380,513.40
Investments measured at FVTPL	-	-	14,721.02	11,566.97	2,029.90	1,124.15	14,721.02
	-	**380,513.40**	**14,721.02**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	96,505.14	-	-	96,505.14	-	-	96,505.14
Bank balance other than cash and cash equivalents[2]	3,180.75	-	-	3,180.75	-	-	3,180.75
Investment measured at amortised cost	6,561.51	-	-	-	-	6,564.03	6,564.03
Other financial assets	4,764.84	-	-	-	-	4,762.47	4,762.47
	111,012.24	**-**	**-**				
Financial liabilities not measured at fair value[1]							
Trade payables	756.90	-	-	-	-	756.90	756.90
Debt securities	31,411.52	-	-	-	-	31,520.62	31,520.62
Borrowings (other than debt securities)	291,975.30	-	-	-	-	293,032.13	293,032.13
Subordinated liabilities	5,996.55	-	-	-	-	6,168.36	6,168.36
Other financial liabilities	63,253.56	-	-	-	-	63,253.56	63,253.56
	393,393.83	**-**	**-**				

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

As at 31 March 2020	Carrying amount			Fair value			
	Amortised Cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Loans	-	334,846.64	-	-	-	334,846.64	334,846.64
Investments measured at FVTPL	-	-	1,032.77	-	-	1,032.77	1,032.77
	-	**334,846.64**	**1,032.77**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	102,478.12	-	-	102,478.12	-	-	102,478.12
Bank balance other than cash and cash equivalents	190.55	-	-	190.55	-	-	190.55
Investment measured at amortised cost	500.00	-	-	-	-	500.00	500.00
Other financial assets	7,798.70	-	-	-	-	7,794.84	7,794.84
	110,967.37	**-**	**-**				
Financial liabilities not measured at fair value[1]							
Trade payables	753.08	-	-	-	-	753.08	753.08
Borrowings (other than debt securities)	252,021.34	-	-	-	-	252,942.36	252,942.36
Subordinated liabilities	5,989.18	-	-	-	-	6,248.02	6,248.02
Other financial liabilities	90,693.87	-	-	-	-	90,693.87	90,693.87
	349,457.47	**-**	**-**				

As at 01 April 2019	Carrying amount			Fair value			
	Amortised Cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Loans	-	318,065.33	-	-	-	318,065.33	318,065.33
	-	**318,065.33**	**-**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	35,625.65	-	-	35,625.65	-	-	35,625.65
Bank balance other than cash and cash equivalents	1,278.75	-	-	1,278.75	-	-	1,278.75
Other financial assets	7,150.87	-	-	-	-	7,144.34	7,144.34
	44,055.27	**-**	**-**				
Financial liabilities not measured at fair value[1]							
Trade payables	553.36	-	-	-	-	553.36	553.36
Borrowings (other than debt securities)	195,982.99	-	-	-	-	196,409.27	196,409.27
Subordinated liabilities	5,981.78	-	-	-	-	6,027.90	6,027.90
Other financial liabilities	72,419.32	-	-	-	-	72,419.32	72,419.32
	274,937.45	**-**	**-**				

[1]The Company has determined that the carrying values of cash and cash equivalents, bank balances (with the residual maturity up to 12 months), trade payables, short term debts and borrowings, cash credit and other current liabilities are a reasonable approximation of their fair value as these are short term in nature.

[2]Bank balance with residual maturity of more than 12 months have been placed towards the end of the year whose interest rate approximate the applicable on 31 March 2021. Hence the fair value has been determined to be equal to carrying amount.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

Reconciliation of level 3 fair value measurement is as follows:

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Loans		
Balance at the beginning of the year	342,572.18	325,159.32
Addition during the year	250,842.48	241,631.95
Amount derecognised / repaid during the year	(206,085.98)	(217,603.41)
Amount written off	(3,420.66)	(7,273.77)
Gains/(losses) recognised in other comprehensive income	936.29	658.09
Balance at the end of the year	384,844.31	342,572.18

Sensitivity analysis to fair value

	Amount, net of tax	
	Increase	Decrease
31 March 2021		
Loans		
Interest rates (1% movement)	**(176.05)**	**176.23**
Investment in OCPS of subsidiary		
Interest rates (1% movement)	**(2.83)**	**2.85**
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
1 April 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 1 and 2

There has been no transfer in between level 1 and level 2.

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.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

Investments measured at FVTPL

Fair values of market linked debentures have been determined under level 1 using quoted market prices of the underlying instruments. Fair value of investment in alternate investment funds have been determined under level 2 using observable input. For fair value of investment in OCPS of subsidiary, the Company has used incremental borrowing rate and applied discounted cash flow model and accordingly measured under level 3.

42. CAPITAL

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

42.1 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.

42.2 REGULATORY CAPITAL

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Tier 1 Capital	102,662.08	96,237.33	86,412.19
Tier 2 Capital	8,467.87	6,712.87	5,445.51
Total Capital	**111,129.95**	**102,950.20**	**91,857.70**
Risk weighted assets			
Tier 1 Capital Ratio (%)	24.81%	29.88%	27.40%
Total Capital Ratio (%)	26.85%	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).

43. 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.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

43.1 CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and investments.

The carrying amounts of financial assets represent the maximum credit risk exposure.

(a) Loans and advances

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before sanctioning any loan. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information, the loan-to-value ratio etc.

Analysis of risk concentration

The following table shows the risk concentration of the Company's loans.

(₹ In Lakhs)

	Carrying Amount		
	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Retail assets loans:	**164,077.99**	**140,842.36**	**151,176.61**
Two wheeler loans	19,548.15	17,312.01	20,368.26
Micro enterprise loans	88,992.95	79,981.57	82,348.26
Salaried personal loans	9,243.88	10,745.08	7,946.99
Small and medium enterprise loans	42,146.37	29,039.67	34,965.24
Commercial vehicle loans	4,146.64	3,764.03	5,547.86
RAC loans	220,766.32	201,729.82	173,982.71
Total	**384,844.31**	**342,572.18**	**325,159.32**

Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers and machinery & property in case of SME customers. The secured exposure are secured wholly or partly by hypothecation of assets and undertaking to create a security.

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loans are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

(i) Staging:

As per the provision of Ind AS 109, all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes due by more than 90 days on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, the Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. The Company has staged the assets based on the days past dues criteria and other market factors which significantly impacts the loan portfolio.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

Company's internal grades and staging criteria for loans are as follows:

Days past dues status	Stage	Internal grades	Provisions
Current	Stage 1	High Quality assets, negligible credit risk	12 months provision
1-30 Days	Stage 1	High Quality assets, negligible credit risk	12 months provision
31-60 Days	Stage 2	Quality assets, low credit risk	Lifetime provision
61-90 Days	Stage 2	Standard assets, moderate credit risk	Lifetime provision
91-180 Days	Stage 3	Sub-standard assets, relatively high credit risk	Lifetime provision
>180 Days	Stage 3	Low quality assets, very high credit risk	Lifetime provision

(ii) Grouping:

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. The Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

a. Two wheeler loans

b. Micro enterprise loans

c. Salaried personal loans

d. Small and medium enterprise loans

e. Commercial vehicle loans

f. Retail asset channel loans

(iii) ECL:

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Probability of default (""PD"")

b. Loss given default (""LGD"")

c. Exposure at default (""EAD"")

d. Discount factor ("D")

For RAC loan portfolio, the Company has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Company consists of various parameters based on which RAC loan portfolio is evaluated and credit rating is assigned accordingly. The credit rating matrix developed by the Company is validated in accordance with its ECL policy.

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

Probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from internal data of the Company calibrated with forward looking macroeconomic factors.

For computation of probability of default (""PD""), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out PD based on the last five years historical data.

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs are converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the Current year.

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: upside (11%), downside (21%) and base (68%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

Loss given default:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. The Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.

2) The computation consists of four components, which are:
    a) Outstanding balance (POS)
    b) Recovery amount (discounted yearly) by effective interest rate.
    c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using effective interest rate.
    d) Collateral (security) amount.

The formula for the computation is as below:

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

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

Exposure at default:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. The Company has modelled EAD based on the contractual and behavioural cash flows till the lifetime of the loans considering the expected assignment of loans.

The Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. The exposure at default is calculated for each product and for various DPD status after considering future expected assignment which is not at risk. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure of retail loans. Further, the EAD for stage 3 retail loans are the outstanding exposures at the time loan is classified as Stage 3 for the first time.

Discounting:

As per Ind AS 109, ECL on retail loans 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)

For RAC loan portfolio, the Company has calculated ECL based on borrower wise assessment of internal credit rating as per the framework of the Company, while for retail loan portfolio, the same has been calculated on collective basis.

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of ECL provided for across the stages is summarised below:

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Stage 1	1.58%	0.68%	0.36%
Stage 2	20.12%	20.13%	11.19%
Stage 3	38.61%	30.28%	20.59%
Amount of expected credit loss provided for	**9,921.84**	**5,856.44**	**3,599.93**

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

The loss rates are based on actual credit loss experience over past 5 years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables.

(iv) Impact assessment on account of COVID-19

In accordance with the board approved moratorium policy read with RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Company continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers, along with the associated impact on the Indian and global economy. The Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. As at 31 March 2021, the cumulative amount of management overlay provisions stood at ₹ 5,622.97 lakh in the standalone financial statements, to reflect deterioration in the macroeconomic outlook. The final impact of this pandemic is very uncertain and the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of these financial statements. Management will continue to closely monitor the material changes In the macro-economic factors impacting the operations of the Company.

(v) Modification of financial assets

The Company has modified the terms of certain loans provided to customers in accordance with RBI notification on MSME restructuring dated 6 August 2020. Such restructuring benefits are provided to distressed customers who are impacted by COVID-19 pandemic.

Such restructuring benefits include extended payment term arrangements, moratorium and changes in interest rates. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer note 3.5). The Company monitors the subsequent performance of modified assets. The gross carrying amount of such assets held as at 31 March 2021 is ₹ 446.20 lakhs. Overall provision for expected credit loss against restructured loan exposure amounts to ₹ 111.92 lakhs as at 31 March 2021. The Company continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets.

(b) Cash and cash equivalent and bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Company generally invests in term deposits with banks which are subject to an insignificant risk of change in value.

43.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilised cash credit facility, term loans and direct assignment of loans.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

The total cash credit limit available to the Company is ₹ 1,69,500 lakhs spread across 13 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

Over the years, the Company has maintained around 30% to 35% 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.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

The table below summarises the maturity profile of the undiscounted cash flow of the Company's financial liabilities:

	1 day to 30 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
As at 31 March 2021									
Debt securities	-	-	-	2,250.00	26,110.59	7,629.52	-	-	35,990.11
Borrowings	6,903.87	4,486.55	10,372.48	16,962.18	178,139.52	71,767.48	23,569.16	2,615.96	314,817.20
Subordinated liabilities	-	-	129.64	2,254.11	259.29	4,118.25	-	-	6,761.29
Trade payable	647.44	10.13	9.80	29.41	60.12	-	-	-	756.90
Lease liability	5.99	5.45	5.33	14.51	10.37	6.62	0.76	-	49.03
Other financial liabilities	29,158.38	1,446.13	2,019.95	4,984.09	11,605.17	12,103.20	1,361.88	528.38	63,207.18

	1 day to 30 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
As at 31 March 2020									
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
Subordinated liabilities	-	-	129.64	131.07	529.29	6,753.92	-	-	7,543.92
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

	1 day to 30 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
As at 01 April 2019									
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
Subordinated liabilities	-	-	129.64	131.07	531.10	2,771.78	4,764.74	-	8,328.33
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

43.3 MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment and variable interest rate borrowings and lending.

The sensitivity analysis have been carried out based on the exposure to interest rates for lending and borrowings carried at variable rate and investments made by the Company.

	Year ended 31 March 2021		Year ended 31 March 2020	
Change in interest rates	50 bps increase	50 bps decrease	50 bps increase	50 bps decrease
Investments	11,566.97	11,566.97	-	-
Impact on profit before tax for the year	57.83	(57.83)	-	-
Variable rate lending	220,766.32	220,766.32	201,729.82	201,729.82
Impact on profit before tax for the year	1,103.83	(1,103.83)	1,008.65	(1,008.65)
Variable rate borrowings	266,619.90	266,619.90	236,070.42	236,070.42
Impact on profit before tax for the year	(1,333.10)	1,333.10	(1,180.35)	1,180.35

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

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.

44 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:

44.1 CAPITAL

(₹ In Lakhs)

		As at 31 March 2021	As at 31 March 2020
i)	CRAR (%)	26.85%	31.97%
ii)	CRAR - Tier I capital (%)	24.81%	29.88%
iii)	CRAR - Tier II capital (%)	2.05%	2.09%
iv)	Amount of subordinated debt raised as Tier-II capital	3,300.00	4,500.00
v)	Amount raised by issue of perpetual debt instruments	-	-

44.2 INVESTMENTS

(₹ In Lakhs)

				As at 31 March 2021	As at 31 March 2020
1.	Value of investments				
	(i)	Gross value of investments			
		(a)	In India	23,505.88	3,750.03
		(b)	Outside India	-	-
	(ii)	Provisions for depreciation			
		(a)	In India	2.52	-
		(b)	Outside India	-	-
	(iii)	Net value of investments			
		(a)	In India	23,503.36	3,750.03
		(b)	Outside India	-	-
2.	Movement of provisions held towards depreciation on investments.				
	(i)	Opening balance		-	-
	(ii)	Add : Provisions made during the year		2.52	-
	(iii)	Less : Write-off / write-back of excess provisions during the year		-	-
	(iv)	Closing balance		2.52	-

44.3 DERIVATIVES

The Company has not entered into any derivative transactions and hence the disclosure required has not been made.

44.4 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 the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

(a) For Securitization Transaction

(₹ In Lakhs)

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
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 2021	As at 31 March 2020
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)	157,325.35	289,204.73
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	15,344.12	27,985.75
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	-	-

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

(₹ In Lakhs)

Sr. No.	Particulars		As at 31 March 2021	As at 31 March 2020
	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		26,185.14	26,149.22

44.5 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)

44.6 DETAILS OF ASSIGNMENT TRANSACTIONS UNDERTAKEN BY NBFCS

(₹ In Lakhs)

		Year ended 31 March 2021	Year ended 31 March 2020
(i)	No. of accounts	104,361	429,305
(ii)	Aggregate value (net of provisions) of accounts sold	93,832.61	296,366.75
(iii)	Aggregate consideration	93,832.61	296,366.75
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

44.7 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).

44.8 ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

As at 31 March 2021

	Over 1 day to 7 days	Over 8 days to 14 days	Over 15 days to 30 days	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Bank Fixed Deposits	23,067.82	10,653.04	4,290.76	7,809.88	1,702.06	-	1,026.92	-	2,137.54	-	50,688.02
Advances	1,969.23	4,161.17	16,094.70	21,376.05	21,989.93	62,696.52	101,753.35	130,109.48	18,519.99	1,842.98	380,513.40
Investments	-	-	650.18	749.53	706.86	1,851.76	2,148.82	14,051.23	666.67	2,678.31	23,503.36
Borrowings	1,625.60	1,447.75	2,748.77	3,412.55	9,343.73	16,082.01	198,411.74	72,670.00	21,128.11	2,513.11	329,383.37
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

As at 31 March 2020

	Over 1 day to 7 days	Over 8 days to 14 days	Over 15 days to 30 days	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Bank Fixed Deposits	26,003.56	-	-	61.45	67.98	10.00	1.37	3.11	-	25.18	26,172.65
Advances	1,115.17	1,794.15	2,773.94	12,949.62	13,825.00	43,874.41	83,780.06	151,887.94	20,058.27	2,788.08	334,846.64
Investments	-	-	-	-	-	500.00	-	-	333.33	2,916.70	3,750.03
Borrowings	719.73	131.90	993.98	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	-	-	-	-	-	-	-	-	-	-	-

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

44.9 EXPOSURE TO REAL ESTATE SECTOR

(₹ In Lakhs)

	Category	As at 31 March 2021	As at 31 March 2020
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;	2,360.93	2,872.39
(iii)	Investments in Mortgage Backed Securities ("MBS") and other securitised exposures -		
	a. Residential	-	-
	b. Commercial real estate	-	-

44.10 EXPOSURE TO CAPITAL MARKET

(₹ In Lakhs)

	Category	As at 31 March 2021	As at 31 March 2020
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	2,220.83	2,217.26
(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		**2,220.83**	**2,217.26**

44.11 DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

Not applicable

44.12 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

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

44.13 UNSECURED ADVANCES

a) Refer note 7(B)(ii) to the standalone financial statements.

b) The Company has not granted any advances against intangible securities (31 March 2020: Nil).

44.14 REGISTRATION NUMBER OBTAINED FROM RBI:

B. 01. 00241

44.15 DISCLOSURE OF PENALTIES IMPOSED BY RBI AND OTHER REGULATORS

During the year ended 31 March 2021, no penalties have been imposed by RBI and other regulators (31 March 2020: Nil).

44.16 RELATED PARTY TRANSACTIONS

Refer note 34 to the standalone financial statements.

44.17 RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

By Acuite Ratings & Research Limited:

(₹ In Lakhs)

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	420,000	ACUITE AA-(Stable)	No migration of rating
Commercial paper issue	30,000	ACUITE A1+	No migration of rating
Non convertible debenture	30,000	ACUITE AA-(Stable)	No migration of rating

By ICRA Limited:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Subordinate debt	6,000	ICRA A (stable)	No migration of rating

By Care Ratings Limited:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	450,000	CARE A+ (Stable)	No migration of rating
Market linked debenture	7,500	CARE PP-MLD A1+ Stable	No migration of rating
Non convertible debenture	50,000	CARE A+ (Stable)	No migration of rating
Commercial paper programme	25,000	CARE A1+	No migration of rating

44.18 REMUNERATION OF DIRECTORS

Refer note 34 to the standalone financial statements.

44.19 MANAGEMENT

The annual report has a detailed chapter on Management Discussion and Analysis.

44.20 NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGE IN ACCOUNTING POLICIES

Refer note 30 for change in accounting policy.

44.21 REVENUE RECOGNITION

Refer note 3.1 to the standalone financial statements.

44.22 IND AS 110 - CONSOLIDATED FINANCIAL STATEMENTS (CFS)

The Company has prepared Consolidated Financial Statements in accordance with the requirements of Ind AS 110 - Consolidated Financial Statements.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

44.23 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 2021	As at 31 March 2020
Provision for depreciation on investment	2.52	-
Provision towards non performing assets (Stage 3 loan assets)	582.25	550.93
Provision made towards income tax	5,809.77	6,195.58
Provision towards standard assets (Stage 1 and 2 loan assets)	3,483.15	1,705.58

44.24 DRAW DOWN FROM RESERVES

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Draw down from reserves	-	-

44.25 CONCENTRATION OF DEPOSITS (FOR DEPOSIT TAKING NBFCS)

Not Applicable

44.26 CONCENTRATION OF ADVANCES

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Total advances to twenty largest borrowers	120,996.73	116,673.99
Percentage of advances to twenty largest borrowers to total advances of the NBFC	31.80%	34.84%

44.27 CONCENTRATION OF EXPOSURES

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Total exposure to twenty largest borrowers / customers	127,510.83	116,673.99
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	33.50%	34.82%

44.28 CONCENTRATION OF NPAS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Total exposure to top four NPA accounts	498.45	718.06

44.29 SECTOR-WISE NPAS

(₹ In Lakhs)

		% of NPA to Total Advances in that sector as at 31 March 2021	% of NPA to Total Advances in that sector as at 31 March 2020
(i)	Agriculture and allied activities	2.32	3.32
(ii)	MSME	4.55	4.96
(iii)	Corporate borrowers	0.29	0.27
(iv)	Services	6.40	8.24
(v)	Unsecured personal loans	3.25	1.11
(vi)	Auto loans	3.39	2.79
(vii)	Other personal loans	-	-

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

44.30 MOVEMENT OF NPAS

(₹ In Lakhs)

		As at 31 March 2021	As at 31 March 2020
(i)	Net NPAs to net advances (%)	1.05%	1.32%
(ii)	Movement of NPAs (gross)		
	(a) Opening balance	6,291.85	6,579.60
	(b) Additions during the year	2,970.58	9,740.88
	(c) Reductions during the year	2,819.93	10,028.63
	(d) Closing balance	6,442.50	6,291.85
(iii)	Movement of net NPAs		
	(a) Opening balance	4,386.50	5,225.18
	(b) Additions during the year	1,840.79	8,018.75
	(c) Reductions during the year	2,272.39	8,857.43
	(d) Closing balance	3,954.90	4,386.50
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	1,905.35	1,354.42
	(b) Provisions made during the year	1,129.79	1,722.13
	(c) Write-off / write-back of excess provisions	547.54	1,171.20
	(d) Closing balance	2,487.60	1,905.35

44.31 OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

Nil

44.32 OFF-BALANCE SHEET SPVS SPONSORED (WHICH ARE REQUIRED TO BE CONSOLIDATED AS PER ACCOUNTING NORMS)

Nil

44.33 DISCLOSURE OF CUSTOMERS COMPLAINTS

		As at 31 March 2021	As at 31 March 2020
(a)	No. of complaints pending at the beginning of the year	0	2
(b)	No. of complaints received during the year	11	7
(c)	No. of complaints redressed during the year	11	9
(d)	No. of complaints pending at the end of the year	0	0

45. DISCLOSURE ON LIQUIDITY RISK PURSUANT TO RBI CIRCULAR DATED 4 NOVEMBER 2019 ON 'LIQUIDITY RISK MANAGEMENT FRAMEWORK FOR NON-BANKING FINANCIAL COMPANIES AND CORE INVESTMENT COMPANIES' IS AS FOLLOWS:

45.1 FUNDING CONCENTRATION BASED ON SIGNIFICANT COUNTERPARTY[1] (BOTH DEPOSITS AND BORROWINGS)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Number of significant counterparties	17	16
Amount	302,053.27	244,680.27
Percentage of funding concentration to total deposits	Not Applicable	Not Applicable
Percentage of funding concentration to total liabiities[2]	75%	68%

[1]Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No. 102/ 03.10.001/ 2019-20 dated November 4, 2019 on 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies'.

[2]Total liabilities represents total liabilities as per balance sheet.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

45.2 TOP 20 LARGE DEPOSITS

Not Applicable to the Company as it does not accept public deposits.

45.3 TOP 10 BORROWINGS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Total amount of top 10 borrowings	256,590.17	219,481.97
Percentage of amount of top 10 borrowings to total borrowings	78%	85%

45.4 FUNDING CONCENTRATION BASED ON SIGNIFICANT INSTRUMENT/PRODUCT[3]

(₹ In Lakhs)

	As at 31 March 2021	Percentage of total liabilities	As at 31 March 2020	Percentage of total liabilities
Term Loans	145,854.60	36%	128,569.01	36%
Cash credit/Working capital demand loan	147,120.69	37%	124,294.45	35%
Non convertible debentures	25,000.00	6%	-	-
Subordinate-debentures	6,000.00	1%	6,000.00	2%
Market linked Debenture	6,500.00	2%	-	-

[3]Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies'.

45.5 STOCK RATIO

(₹ In Lakhs)

		As at 31 March 2021	As at 31 March 2020
(i)	Commercial paper as a percentage of total public funds[4]	Not applicable	Not applicable
(ii)	Commercial paper as a percentage of total liabilities	Not applicable	Not applicable
(iii)	Commercial paper as a percentage of total assets	Not applicable	Not applicable
(iv)	Non convertible debentures (original maturity of less than one year) as a percentage of total public funds	Not applicable	Not applicable
(v)	Non convertible debentures (original maturity of less than one year) as a percentage of total liabilities	Not applicable	Not applicable
(vi)	Non convertible debentures(original maturity of less than one year) as a percentage of total assets	Not applicable	Not applicable
(vii)	Other short term liabilities* as a percentage of total public funds	81%	83%
(viii)	Other short term liabilities as a percentage of total liabilities	67%	60%
(ix)	Other short term liabilities as a percentage of total assets	52%	47%

[4]Public funds as defined in Master Direction - Non-Banking Financial Company -Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

* Excludes security deposits received from borrowers

45.6 INSTITUTIONAL SET-UP FOR LIQUIDITY RISK MANAGEMENT

Refer note 43.2 of the standalone financials statements.

46 DISCLOSURE IN ACCORDANCE WITH RBI NOTIFICATION NO. RBI/2020-21/17 DOR.NO.BP. BC/4/21.04.048/2020-21 DATED 6 AUGUST 2020 IS AS FOLLOWS:

(₹ In Lakhs)

	Year ended 31 March 2021
No. of accounts restructured	425
Amount*	446.20

* Including MRR portion on assigned loans

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

47 INFORMATION AS REQUIRED IN TERMS OF PARAGRAPH 19 OF THE RBI MASTER DIRECTION DNBR. PD. 008/03.10.119/2016-17 DATED 1 SEPTEMBER 2016 "MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 ARE MENTIONED AS BELOW:

Liabilities side :

47.1 LOANS AND ADVANCES AVAILED BY THE NBFCS INCLUSIVE OF INTEREST ACCRUED THEREON BUT NOT PAID

(₹ In Lakhs)

		Year ended 31 March 2021	
		Amount outstanding	Amount overdue
(a)	Debentures : Secured	32,978.89	-
	: Unsecured	6,010.36	-
	(other than falling within the meaning of Public deposits*)		
(b)	Deferred credits	-	-
(c)	Term loans	146,237.43	-
(d)	Inter-corporate loans and borrowing	-	-
(e)	Commercial paper	-	-
(f)	Other loans:		
	From banks	147,447.35	-

*Please see note 1 below

47.2 BREAK-UP OF (1)(F) ABOVE (OUTSTANDING PUBLIC DEPOSITS INCLUSIVE OF INTEREST ACCRUED THEREON BUT NOT PAID)

(₹ In Lakhs)

		Year ended 31 March 2021	
		Amount outstanding	Amount overdue
(a)	In the form of unsecured debentures	-	-
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c)	Other public deposits	-	-

*Please see note 1 below

Assets side:

47.3 BREAK-UP OF LOANS AND ADVANCES INCLUDING BILLS RECEIVABLES (OTHER THAN THOSE INCLUDED IN (4) BELOW)

		Amount outstanding
(a)	Secured	273,025.03
(b)	Unsecured	107,488.37

47.4 BREAK UP OF LEASED ASSETS AND STOCK ON HIRE AND OTHER ASSETS COUNTING TOWARDS ASSET FINANCING ACTIVITIES

		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	176.00
	(b) Loans other than (a) above	NA

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

47.5 BREAK-UP OF INVESTMENTS :

	Amount outstanding
Current 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	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	3,668.84
Long term investments :	
1 Quoted :	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	11,566.97
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-
2 Unquoted :	
(i) Shares : (a) Equity	2,220.83
(b) Preference	1,124.15
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	4,922.57

47.6 BORROWER GROUP-WISE CLASSIFICATION OF ASSETS FINANCED AS IN 47.3 AND 47.4 ABOVE:

	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	267,034.12	103,557.44	370,591.56
Total	**267,034.12**	**103,557.44**	**370,591.56**

47.7 INVESTOR GROUP-WISE CLASSIFICATION OF ALL INVESTMENTS (CURRENT AND LONG TERM) IN SHARES AND SECURITIES (BOTH QUOTED AND UNQUOTED):

Please see Note 3 below		
Category	**Market value / break up or fair value or NAV**	**Book value (net of provisions)**
1. Related parties **		
(a) Subsidiaries (refer note below)	3,850.47	3,344.98
(b) Companies in the same group	-	-
(c) Other related parties	-	-

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

Please see Note 3 below		
Category	**Market value / break up or fair value or NAV**	**Book value (net of provisions)**
2. Other than related parties	20,158.38	20,158.38
Total	**24,008.85**	**23,503.36**

** As per Ind AS issued by Ministry Of Corporate Affairs (refer note 3 below)

Note: Subsidiary company being unlisted, value is derived based upon the net asset value as shown in the subsidiary company balance sheet as on 31 March 2021.

47.8 OTHER INFORMATION

		Amount outstanding
(i)	Gross non-performing assets	
	(a) Related parties	-
	(b) Other than related parties	6,442.50
(ii)	Net non-performing assets	
	(a) Related parties	-
	(b) Other than related parties	3,954.90
(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.

48. DISCLOSURES AS REQUIRED IN TERMS OF RBI NOTIFICATION NO. DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20 DATED 13 MARCH 2020 ON IMPLEMENTATION OF IND AS ARE MENTIONED AS BELOW:

As at 31 March 2021

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	370,475.42	5,839.61	364,635.81	1,497.24	4,342.37
	Stage 2	7,926.39	1,594.45	6,331.94	30.92	1,563.53
Subtotal		**378,401.81**	**7,434.06**	**370,967.75**	**1,528.16**	**5,905.90**
Non-performing assets ("NPA")						
Substandard	Stage 3	6,442.50	2,487.60	3,954.90	722.03	1,765.57
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**6,442.50**	**2,487.60**	**3,954.90**	**722.03**	**1,765.57**

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

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
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning ("IRACP") norms	Stage 1	135.00	0.18	134.82	-	0.18
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**135.00**	**0.18**	**134.82**	**-**	**0.18**
Total	Stage 1	370,610.42	5,839.79	364,770.63	1,497.24	4,342.55
	Stage 2	7,926.39	1,594.45	6,331.94	30.92	1,563.53
	Stage 3	6,442.50	2,487.60	3,954.90	722.03	1,765.57
Grand total		**384,979.31**	**9,921.84**	**375,057.47**	**2,250.19**	**7,671.65**

As at 31 March 2020

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**

* Computed on the value as per the IRACP norms.

The disclosure requirement of the policy for sales out of amortised cost business model portfolios of the Company is not applicable to the Company as it has FVOCI business model.

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

49 DISCLOSURES 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:

		31 March 2021	31 March 2020
(i)	Amounts in SMA / overdue categories, where the moratorium / deferment was extended*	23,281.30	17,829.70
(ii)	Amount where asset classification benefits is extended	NIL**	4,789.08
(iii)	Provisions made during the period	-	-
(iv)	Provisions adjusted during the periods against slippages and the residual provisions	N.A.	N.A.

*Outstanding as on 31 March 2021 and 31 March 2020 on account of all cases where moratorium benefit is extended by the Company up to 31 August 2020.

**There are Nil accounts where asset classification benefit is extended till 31 March 2021. Post the moratorium period, the movement of aging has been at actuals.

Note: The Company has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments.

50. 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)

Ankit Jain
(Chief Financial Officer)

Mumbai
19 May 2021

Ahmedabad
19 May 2021

Independent Auditor's Report

To the Members of MAS Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

QUALIFIED 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 2021, 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 reports of other auditor on separate financial statements of a subsidiary as were audited by the other auditor, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

BASIS FOR QUALIFIED OPINION

As described in Note 30 to the consolidated financial statements, during the year ended 31 March 2021, the Group had changed its accounting policy for recognising gain on derecognition of loans upon assignment. As per the previous policy, such gain was recognised immediately in the consolidated statement of profit and loss. As per the new policy adopted by the Group, such gain is recorded as 'unearned income on assigned loans' under the head 'other non-financial liabilities' and is amortised in the consolidated statement of profit and loss over the period of the underlying residual tenure of the assigned loan portfolio. This change in accounting policy would constitute a departure from the Indian Accounting Standards prescribed under section 133 of the Act (Ind AS 109 – 'Financial Instruments') which requires the gain / loss to be recognised immediately in the statement of profit and loss upon derecognition of assigned loans. In our view, this change in accounting policy is not in compliance with the requirements of Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' that permits to change the accounting policy only if the change satisfies given criteria therein.

Had the Group not revised its policy, 'other equity' would have increased by ₹ 3,319.59 lakh, 'non-controlling interest' would have increased by ₹ 53.26 lakh, 'deferred tax assets' would have decreased by ₹ 1,139.10 lakh and 'liability on unearned income' would have decreased by ₹ 4,511.89 lakh to Nil as at 31 March 2021. Further, 'gain on assignment of financial assets' would have decreased by ₹ 3,461.49 lakh and 'deferred tax credit' would have increased by ₹ 871.19 lakh for the year ended 31 March 2021. There is no impact on the net cash flows of the Group.

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.

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 4,215.42 lakh for the year ended 31 March 2021	
Provision: INR 10,388.85 lakh as at 31 March 2021	
Refer to the accounting policies in "Note 3.6 to the Financial Statements: Impairment of financial assets", "Note 2.4 (iii) to the Financial Statements: Significant Accounting Policies- use of estimates and judgments" and "Note 7 to the Financial Statements: Loans"	
Subjective estimate Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Group's estimation of ECLs are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. • Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ('PD'), Loss Given Default ('LGD'), and Exposures at Default ('EAD'). The PD and the LGD are the key drivers of estimation complexity in ECL and as a result are considered the most significant judgmental aspect of the Group's modelling approach. • Economic scenarios – Ind AS 109 requires the Group to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 57 % of ECL balances as at 31 March 2021. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Group. The extent to which the COVID-19 pandemic will impact the Group's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.	Our key audit procedures included: **Design / controls** We performed end to end process walkthroughs to identify the key systems, applications and controls used in ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in ECL process. *Key aspects of our controls testing involved the following:* • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. • Testing the 'Governance Framework' controls over validation, implementation and model monitoring in line with Reserve Bank of India guidance. • Testing the design and operating effectiveness of the key controls over the application of the staging criteria. • Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. • Testing management's controls over authorisation and calculation of post model adjustments and management overlays. • Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. • Testing key controls operating over the information technology system in relation to loan impairment including system access and system change management, program development and computer operations. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Group's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). • For models which were changed or updated during the year, evaluating whether the changes were appropriate by assessing the updated model methodology. • For Retails Asset Channel, assessing appropriateness of management's credit grading model. • The reasonableness of the Group's considerations of the impact of the current economic environment due to COVID-19 on ECL determination.

Key audit matter	How the matter was addressed in our audit
Disclosures The disclosures regarding the Group's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. *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.	**Test of details** Key aspects of our testing included: • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Model calculations testing through re-performance, where possible. • Test of details of post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. • Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear. **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. **How the matter was addressed in our audit** • 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.

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.	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. 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. **How the matter was addressed in our audit** • 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 THE 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 / loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. The respective 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 the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and the Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 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 auditor. For the other entity 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 audit carried out by him. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matter' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub-paragraph (a) of the Other 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 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

(a) We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of ₹ 28,454.04 lakh as at 31 March 2021, total revenues of ₹ 3,527.13 lakh and net cash flows inflow amounting to ₹ 98.82lakh for the year ended on that date, as considered in the consolidated financial statements. This financial statements has 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 report 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 matters with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of a subsidiary 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) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, 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 2021 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2021 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 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 matter 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 separate financial statements of the subsidiary, as noted in the 'Other Matter' paragraph:

i. There were no pending litigations as at 31 March 2021 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 2021;

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 2021; 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 2021.

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: 21109928AAAANR7117

Mumbai
19 May 2021

ANNEXURE A

to the Independent Auditor's report on the consolidated financial statements of MAS Financial Services Limited for the year ended 31 March 2021

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)

QUALIFIED OPINION

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, 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 (together referred to as the 'Group'), as of that date.

In our opinion, except for the effects/ possible effects of the material weakness described below on the achievement of the objectives of the control criteria, to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor referred to in the Other Matters paragraph below, the Group, have, in all material respects, maintained adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, 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').

We have considered the material weakness identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group for the year ended 31 March 2021 and this material weakness has, inter alia, affected our opinion on the said consolidated financial statements and we have issued a qualified opinion on the said consolidated financial statements.

BASIS FOR QUALIFIED OPINION

As explained in 'Basis for Qualified Opinion' paragraph of our Audit Report on the consolidated financial statements, during the year ended 31 March 2021, the Group had changed its accounting policy for recognising gain on derecognition of loans upon assignment. As per the previous policy, such gain was recognised immediately in the consolidated statement of profit and loss. As per the new policy adopted by the Group, such gain is recorded as 'unearned income on assigned loans' under the head 'other non-financial liabilities' and is amortised in the consolidated statement of profit and loss over the period of the underlying residual tenure of the assigned loan portfolio. This change in accounting policy would constitute a departure from the Indian Accounting Standards prescribed under section 133 of the Act (Ind AS 109 – 'Financial Instruments') which requires the gain / loss to be recognised immediately in the statement of profit and loss upon derecognition of assigned loans. In our view, this change in accounting policy is not in compliance with the requirements of Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' that permits to change the accounting policy only if the change satisfies given criteria therein.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the relevant subsidiary company in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to the consolidated financial statements of the Group.

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: 21109928AAAANR7117

Mumbai
19 May 2021

Consolidated Balance Sheet

as at 31 March 2021

(₹ in Lakhs)

	Note no.	As at 31 March 2021	As at 31 March 2020 (Restated refer note 30)	As at 01 April 2019 (Restated refer note 30)
ASSETS				
Financial assets				
Cash and cash equivalents	5	98,711.42	104,585.56	39,748.53
Bank balance other than cash and cash equivalents	6	3,219.70	192.60	1,280.68
Loans	7	406,330.95	360,186.73	344,536.85
Investments	8	20,158.38	500.00	-
Other financial assets	9	4,975.97	8,061.19	7,209.82
Total financial assets		**533,396.42**	**473,526.08**	**392,775.88**
Non-financial assets				
Income tax assets (net)	28	592.40	223.22	95.16
Deferred tax assets (net)	28	2,256.16	1,626.01	1,704.24
Property, plant and equipment	10(a)	1,144.80	1,282.91	1,239.67
Capital work-in-progress	10(d)	5,002.73	4,821.34	4,564.43
Right-of-use asset	10(c)	53.82	167.65	-
Other intangible assets	10(b)	9.25	11.80	12.01
Other non-financial assets	11	507.49	317.82	245.26
Total non-financial assets		**9,566.65**	**8,450.75**	**7,860.77**
Total assets		**542,963.07**	**481,976.83**	**400,636.65**
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		828.77	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	31,411.52	-	-
Borrowings (other than debt securities)	13	313,866.80	273,599.82	221,327.10
Subordinated liabilities	14	5,996.55	5,989.18	5,981.78
Other financial liabilities	15	63,467.40	91,051.12	73,225.71
Total financial liabilities		**415,571.04**	**371,452.90**	**301,134.69**
Non-financial liabilities				
Current tax liabilities (net)	28	1,214.93	-	1,621.96
Provisions	16	396.97	47.22	17.19
Deferred tax liabilities (net)	28	-	-	-
Other non-financial liabilities	17	5,745.30	9,852.82	9,076.35
Total non-financial liabilities		**7,357.20**	**9,900.04**	**10,715.50**
Total liabilities		**422,928.24**	**381,352.94**	**311,850.19**
EQUITY				
Equity share capital	18	5,466.20	5,466.20	5,466.20
Other equity	19	112,521.87	93,241.97	81,455.27
Equity attributable to the owners of the Holding Company		**117,988.07**	**98,708.17**	**86,921.47**
Non-controlling interest		**2,046.76**	**1,915.72**	**1,864.99**
Total equity		**120,034.83**	**100,623.89**	**88,786.46**
Total liabilities and equity		**542,963.07**	**481,976.83**	**400,636.65**

The notes referred to above form an integral part of these 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)

Ankit Jain
(Chief Financial Officer)

Mumbai
19 May 2021

Ahmedabad
19 May 2021

Consolidated Statement of Profit and Loss

for the year ended 31 March 2021

(₹ in Lakhs)

		Note no.	Year ended 31 March 2021	Year ended 31 March 2020
				(Restated refer note 30)
I.	**Revenue from operations**			
	Interest income	20	51,728.66	59,282.81
	Gain on assignment of financial assets (Refer note 30)		8,125.55	10,098.08
	Fees and commission income		2,813.92	1,584.52
	Net gain on fair value changes	21	29.90	-
	Total revenue from operations		**62,698.03**	**70,965.41**
	Other income	22	73.20	35.91
	Total income		**62,771.23**	**71,001.32**
II.	**Expenses**			
	Finance costs	23	28,493.54	29,629.80
	Fees and commission expense		624.36	601.88
	Impairment on financial assets	24	7,784.81	8,466.18
	Employee benefits expenses	25	3,503.32	5,869.00
	Depreciation, amortization and impairment	26	257.24	285.05
	Others expenses	27	2,511.05	3,121.57
	Total expenses		**43,174.32**	**47,973.48**
	Profit before exceptional items and tax (I - II)		**19,596.91**	**23,027.84**
	Exceptional items		-	-
III.	**Profit before tax**		**19,596.91**	**23,027.84**
IV.	**Tax expense:**			
	Current tax	28	5,935.17	6,391.18
	Excess provision for tax relating to prior years	28	(0.29)	(95.99)
	Net current tax expense		**5,934.88**	**6,295.19**
	Deferred tax credit	28	(890.40)	(76.03)
	Net tax expense		**5,044.48**	**6,219.16**
V.	**Profit for the year (III - IV)**		**14,552.43**	**16,808.68**
	Share of profit attributable to non-controlling interest		**(116.42)**	**(69.28)**
	Profit for the year attributable to the owners of the Holding Company		**14,436.01**	**16,739.40**
VI.	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss:			
	Re-measurement of the defined benefit liabilities		75.21	(33.82)
	Income tax impact on above		(18.55)	8.51
	Total (A)		56.66	(25.31)
	(B) Items that will be reclassified to profit or loss:			
	Loans and advances through other comprehensive Income		960.33	665.35
	Income tax impact on above		(241.70)	(167.47)
	Total (B)		**718.63**	**497.88**
	Other comprehensive income (A+B)		**775.29**	**472.57**
VII.	**Total comprehensive income for the year (V + VI)**		15,327.72	17,281.25
VIII.	**Profit for the year attributable to**			
	Owners of the Holding Company		14,436.01	16,739.40
	Non-controlling interest		116.42	69.28
IX.	**Other comprehensive income attributable to**			
	Owners of the Holding Company		765.41	471.63
	Non-controlling interest		9.88	0.94
X.	**Total comprehensive income attributable to**			
	Owners of the Holding Company		15,201.42	17,211.03
	Non-controlling interest		126.30	70.22
XI.	**Earnings per equity share (of ₹ 10 each):**	29		
	Basic (₹)		26.41	30.62
	Diluted (₹)		26.41	30.62

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)
Ahmedabad
19 May 2021

Ankit Jain
(Chief Financial Officer)

Mumbai
19 May 2021

Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

(A) EQUITY SHARE CAPITAL

(₹ in Lakhs)

Equity Share of ₹ 10 each issued, subscribed and fully paid	
Balance at 1 April 2019	5,466.20
Changes in equity share capital during the year	-
Balance at 31 March 2020	**5,466.20**
Changes in equity share capital during the year	-
Balance at 31 March 2021	**5,466.20**

(B) OTHER EQUITY

	Reserves and surplus					Other comprehensive income		Total
	Reserve u/s. 45-IC of RBI Act, 1934	Reserve fund u/s. 29-C of NHB Act, 1987	Equity component of compound financial instruments	Securities premium	Retained earnings	Equity instruments through OCI	Loans and advances through OCI	
Balance at 31 March 2019	**10,957.74**	**261.92**	**33.61**	**42,695.48**	**27,578.60**	**(0.22)**	**4,561.46**	**86,088.59**
Impact due to changes in accounting policy	-	-	-	-	(4,633.32)	-	-	(4,633.32)
Restated balance at 1 April 2019 (Refer note 30)	**10,957.74**	**261.92**	**33.61**	**42,695.48**	**22,945.28**	**(0.22)**	**4,561.46**	**81,455.27**
Transition impact of Ind AS 116 (net of taxes)	-	-	-	-	(12.45)	-	-	(12.45)
Profit for the year	-	-	-	-	16,739.40	-	-	16,739.40
Re-measurement of defined benefit plans (net of taxes)	-	-	-	-	(24.05)	-	2,756.04	2,731.99
Dividend on equity shares	-	-	-	-	(6,340.79)	-	-	(6,340.79)
Dividend distribution tax on equity dividend	-	-	-	-	(1,308.56)	-	-	(1,308.56)
Dividend on preference shares	-	-	(18.99)	-	-	-	-	(18.99)
Dividend distribution tax on preference dividend	-	-	(3.90)	-	-	-	-	(3.90)
Transfer to reserve u/s. 45-IC of RBI Act, 1934	3,564.26	-	-	-	(3,564.26)	-	-	-
Transfer to reserve u/s. 29-C of NHB Act,1987	-	53.04	-	-	(53.04)	-	-	-
Restated balance at 31 March 2020 (Refer note 30)	**14,522.00**	**314.96**	**10.72**	**42,695.48**	**28,381.53**	**(0.22)**	**7,317.50**	**93,241.97**
Profit for the year	-	-	-	-	14,436.01	-	-	14,436.01
Re-measurement of defined benefit plans (net of taxes)	-	-	-	-	54.03	-	4,790.18	4,844.21
Dividend distribution tax on equity dividend	-	-	-	-	(0.32)	-	-	(0.32)
Transfer to reserve u/s. 45-IC of the RBI Act, 1934	2,870.06	-	-	-	(2,870.06)	-	-	-
Transfer to reserve u/s. 29-C of NHB Act,1987	-	66.83	-	-	(66.83)	-	-	-
Balance at 31 March 2021	**17,392.06**	**381.79**	**10.72**	**42,695.48**	**39,934.36**	**(0.22)**	**12,107.68**	**112,521.87**

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)

Ankit Jain
(Chief Financial Officer)

Mumbai
19 May 2021

Ahmedabad
19 May 2021

Consolidated Statement of Cash Flows

for the year ended 31 March 2021

(₹ in Lakhs)

		Year ended 31 March 2021		Year ended 31 March 2020	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net profit before tax		**19,596.91**		**23,027.84**
	Adjustments for :				
	Depreciation and amortisation	257.24		285.05	
	Finance cost	28,493.54		29,629.80	
	Provision for impairment on financial assets	4,217.94		2,448.57	
	Loss assets written off (net)	3,566.87		6,017.61	
	(Profit) / loss on sale of property, plant and equipment	1.16		0.82	
	Loss on sale of repossessed assets	351.42		347.26	
	Interest income	(47,293.77)		(56,070.04)	
	Interest income from bank deposits	(2,971.87)		(1,272.86)	
	Income received in advance	8.78		(19.12)	
	Interest income from non-convertible debenture measured at amortised cost	(39.25)		(8.26)	
	Interest income from pass through certificates	(2.20)		-	
	Gain on derecognition of leased asset	(2.83)		(0.95)	
			(13,412.97)		**(18,642.12)**
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**6,183.94**		**4,385.72**
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Loans	(51,754.90)		(16,527.02)	
	Advances received against loan agreements	(10,021.24)		10,021.74	
	Deposits given as collateral	1.31		(14.02)	
	Bank balance other than cash and cash equivalents	21.16		1,001.16	
	Other financial asset	(378.14)		(2.24)	
	Other non-financial asset	(465.88)		(453.64)	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	15.99		212.68	
	Security deposits from borrowers	(18,346.25)		(1,142.45)	
	Other financial and non-financial liabilities	(3,404.37)		8,471.99	
	Provisions (Also refer note 32)	349.75	(83,982.57)	30.03	1,598.23
	CASH GENERATED FROM / (USED IN) OPERATIONS		**(77,798.63)**		**5,983.95**
	Interest income received	53,631.90		50,576.96	
	Interest income on Investment measured at amortised cost	42.02		5.49	
	Finance cost paid	(28,596.83)		(28,882.27)	
	Income tax paid (net)	(5,089.20)	19,987.89	(8,045.23)	13,654.95
	NET CASH FLOW GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)		**(57,810.74)**		**19,638.90**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Acquisition of property, plant and equipments and intangible assets, including capital advances	(201.41)		(461.41)	
	Proceeds from sale of property, plant and equipments and intangible assets	0.10		0.53	
	Change in Earmarked balances with banks and other free deposit	(3,048.26)		86.92	
	Interest income from bank deposits	2,971.87		1,272.86	
	(Purchase) / Redemption of investments at amortised cost	(19,660.90)		(500.00)	
	NET CASH FLOW GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)		**(19,938.60)**		**398.90**

Consolidated Statement of Cash Flows (contd.)

for the year ended 31 March 2021

(₹ in Lakhs)

		Year ended 31 March 2021		Year ended 31 March 2020	
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from debt securities and borrowings	129,110.00		99,825.00	
	Repayments of borrowings	(79,972.01)		(50,530.22)	
	Net increase in working capital borrowings	22,848.29		3,316.10	
	Repayment of lease liabilities	(106.43)		(118.78)	
	Dividends paid including dividend distribution tax	(4.65)		(7,692.87)	
	NET CASH FLOW GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)		**71,875.20**		**44,799.23**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(5,874.14)**		**64,837.03**
	Cash and cash equivalents at the beginning of the year		104,585.56		39,748.53
	Cash and cash equivalents at the end of the year (refer note 1 below)		**98,711.42**		**104,585.56**

Notes:

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

		As at 31 March 2021	As at 31 March 2020
(a)	Cash on hand	18.07	21.49
(b)	Balances with banks	51,169.78	78,532.77
(c)	Bank deposits with original maturity of 3 months or less	47,523.57	26,031.30
Cash and cash equivalents as per the balance sheet		**98,711.42**	**104,585.56**

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

3. The Group as at 31 March 2021 has undrawn borrowing facilities amounting to ₹ 1,05,400.49 lakhs that may be available for future operating activities and to settle capital commitments.

4. Change in liabilities arising from financing activities

	31 March 2020	Cash flows	Non-cash changes*	31 March 2021
Debt securities	-	31,500.00	(88.48)	31,411.52
Borrowings other than debt securities	273,599.82	40,486.28	(219.30)	313,866.80
Subordinated liabilities	5,989.18		7.37	5,996.55
Total liabilities from financing activities	**279,589.00**	**71,986.28**	**(300.41)**	**351,274.87**

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

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

In terms of our report of even date attached
For 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)

Ankit Jain
(Chief Financial Officer)

Mumbai
19 May 2021

Ahmedabad
19 May 2021

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021

1. CORPORATE INFORMATION

MAS Financial Services Limited (the "Holding Company") together with its subsidiary MAS Rural Housing & Mortgage Finance Limited (hereinafter referred to as the "Group") are public companies domiciled in India. The Holding Company is registered as a non deposit taking non-banking finance company ("NBFC") with Reserve Bank of India ("RBI"). MAS Rural Housing & Mortgage Finance Limited is registered as a non deposit taking housing finance company ("HFC") with National Housing Bank ("NHB"). The Group is engaged in the business of providing Micro Enterprise Loans ("MEL"), Small and Medium Enterprise loans ("SME"), Two Wheeler loans ("TW"), Commercial Vehicle loans ("CV"), loans to NBFCs, housing loans, commercial property loans and project loans for real estate projects to customers especially in the segment of affordable housing in rural and urban areas. The Holding Company's equity shares are listed on two recognised stock exchanges in India i.e. BSE Limited and the National Stock Exchange of India Limited.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance and principles of consolidation

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

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

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

Principles of consolidation

These consolidated financial statements are prepared on the following basis in accordance with Ind AS 110 on 'Consolidated Financial Statements' specified under Section 133 of the Act.

i) Subsidiary -

Subsidiary is 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 2021. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

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

Name of the entity	Relationship	Country of incorporation	Ownership held by	% of holding and voting power as at 31 March 2021	31 March 2020
MAS Rural Housing & Mortgage Finance Limited	Subsidiary company	India	MAS Financial Services Limited	59.67%	59.67%

2.2 Basis of measurement

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

2.3 Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Group operates (the "functional currency"). Amounts in the consolidated financial statements are presented in lakhs rounded off to two decimal places as permitted by Schedule III to the Act, except when otherwise indicated.

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

Judgements

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

i) **Business model assessment**

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

Estimates and assumptions

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

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

i) **Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value please refer note 3.8 and note 40.

ii) **Effective interest rate ("EIR") method**

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

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

iii) **Impairment of financial asset**

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

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

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

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

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

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

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

iv) **Provisions and other contingent liabilities**

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

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

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

For further details on provisions and other contingencies refer note 3.16.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

v) **Provision for income tax and deferred tax assets**

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

vi) **Defined Benefit Plans**

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

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

2.5 Presentation of the consolidated financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 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 EIR method for all financial instruments measured at amortised cost, financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

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

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

B. Interest income

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

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

3.2 Financial instrument - initial recognition

A. Date of recognition

All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

business model for managing the instruments (refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in note 3.8), transaction costs are added to, or subtracted from this amount, except in the case of financial assets and financial liabilities recorded at FVTPL.

C. Measurement categories of financial assets and liabilities

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

i) Amortised cost

ii) FVOCI

iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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

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

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

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

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

SPPI test

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

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

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

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

Accordingly, the financial assets are measured as follows:

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

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

ii) Financial assets measured at FVOCI

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

iii) Financial assets at FVTPL

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

iv) Other equity investments

All other equity investments are measured at fair value, with value changes recognised in the statement of profit and loss, except for those equity investments for which the Holding Company has elected to present the value changes in other comprehensive income ("OCI").

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

B. Financial liability

i) Initial recognition and measurement

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

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the EIR method.

3.4 Reclassification of financial assets

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

3.5 Derecognition of financial assets and liabilities

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

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

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

i) Financial assets

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

On derecognition of financial assets on account of direct assignment of loans, gain is recognized as “Unearned income on assigned loans” under the head other non-financial liabilities and amortized in the profit or loss over the underlying residual tenure of the assigned portfolio. It is change in accounting policy which has been implemented with retrospective effect from 1 April 2019. Refer note 30 for details.

Further, the Group recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

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

ii) Financial liability

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

3.6 Impairment of financial assets

A. Overview of the ECL principles

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

ECL are measured through a loss allowance at an amount equal to:

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

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

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.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the life time ECL.

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

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

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

B. The calculation of ECLs

For retail loans

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

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

EAD Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, expected drawdowns on committed facilities and accrued interest. Further, the EAD for stage 3 retail loan is the outstanding exposure at the time loan is classified as Stage 3 for the first time

LGD LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)

% LGD = 1 – recovery rate

For retail asset channel ("RAC") and housing finance company ("HFC") loan portfolio

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

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

The LGD has been considered based on Basel-II Framework (International Regulatory Framework of Banks) for all the level of credit rating portfolio.

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

The mechanics of the ECL method are summarised below:

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

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

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

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

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

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

C. Loans and advances measured at FVOCI

Significant increase in credit risk

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

Definition of default

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

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

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

D. Forward looking information

In its ECL models, the Group relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time. For this purpose, the Group has used the data source of Economist Intelligence Unit.

3.7 Write-offs

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

3.8 Determination of fair value

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

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

- Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

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

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

3.9 (I) Recognition of other income

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

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

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

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

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

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

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

A. Dividend income

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

B. Rental income

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

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fees and commission income

Fees and commission income such as stamp and document charges, guarantee commission, service income, due diligence & evaluation changes and portfolio monitoring fees etc. are recognised on point in time basis.

3.9 (II) Recognition of other expense

A. Finance cost

Finance costs are the interest and other costs that the Group incurs in connection with the borrowing of funds. Interest expenses are computed based on effective interest rate method. Finance costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

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

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

3.10 Cash and cash equivalents

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

3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the Group and the cost of the item can be measured reliably.

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

The estimated useful lives are, as follows:

i) Buildings - 60 years

ii) Office equipment - 3 to 15 years

iii) Furniture and fixtures - 10 years

iv) Vehicles - 8 years

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

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

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

3.12 Intangible assets

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

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

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives.

The estimated useful lives are as follows:

i) Software - 3 years

ii) Trademark - 10 years

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

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

3.14 Leases

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

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

- Leases of low value assets; and

- Leases with a duration of 12 months or less

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Lease payments associated with short term leases or low value leases are recognised as an expense on a straight-line basis over the lease term.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

3.15 Retirement and other employee benefits

Defined contribution plans

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

Defined benefit plans

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

The gratuity liability amount is contributed by the Group to the Life Insurance Corporation of India who administers the fund of the Group.

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

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;

(b) in case of non-accumulating compensated absences, when the absences occur.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

3.16 Provisions, contingent liabilities and contingent assets

A. Provisions

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

B. Contingent liability

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

C. Contingent asset

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

3.17 Taxes

A. Current tax

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

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

B. Deferred tax

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

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

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

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.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

3.19 Dividends on ordinary shares

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

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

3.20 Repossessed asset

In the normal course of business whenever default occurs, the Group may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle the outstanding debt.

3.21 Security Deposit

The security deposits received by the customers are in the nature of financial liabilities as defined under Ind AS – 32. The Group uses weighted average rate of borrowing as discount rate to arrives at fair valuation of security deposit. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

4 . STANDARDS ISSUED BUT NOT YET EFFECTIVE

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, 2021.

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021

5. CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Cash on hand	18.07	21.49	25.04
Balances with banks:			
In current / cash credit accounts	51,169.78	78,532.77	31,024.91
Bank deposits with original maturity of 3 months or less	47,523.57	26,031.30	8,698.58
Total cash and cash equivalents	**98,711.42**	**104,585.56**	**39,748.53**

6. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
In current accounts (refer note below)	28.27	48.28	1,051.93
Earmarked balances with banks:			
Unclaimed dividend bank balances	1.83	2.98	0.49
In fixed deposit accounts:			
Deposits given as security against borrowings and other commitments	2,188.24	141.34	228.26
Bank deposits with original maturity of more than 3 months	1,001.36	-	-
Total bank balance other than cash and cash equivalents	**3,219.70**	**192.60**	**1,280.68**

Note: Balance represents balance with banks in earmarked account i.e. "collection and pay-out account".

7. LOANS

(₹ In Lakhs)

	As at 31 March 2021			As at 31 March 2020			As at 01 April 2019		
	At fair value through OCI	At amortised cost	Total	At fair value through OCI	At amortised cost	Total	At fair value through OCI	At amortised cost	Total
(A) Term Loans - Gross	**386,070.97**	**20,698.02**	**406,768.99**	**336,514.34**	**23,982.94**	**360,497.28**	**318,065.34**	**26,596.44**	**344,661.78**
Less: Impairment loss allowance	-	438.04	438.04	-	310.55	310.55	-	124.93	124.93
Total (A) - Net	**386,070.97**	**20,259.98**	**406,330.95**	**336,514.34**	**23,672.39**	**360,186.73**	**318,065.34**	**26,471.51**	**344,536.85**
(B) (i) Secured by tangible assets	278,582.60	20,698.02	299,280.62	237,079.01	23,982.94	261,061.95	214,603.23	26,596.44	241,199.67
(ii) Unsecured	107,488.37	-	107,488.37	99,435.33	-	99,435.33	103,462.11	-	103,462.11
Total (B) - Gross	**386,070.97**	**20,698.02**	**406,768.99**	**336,514.34**	**23,982.94**	**360,497.28**	**318,065.34**	**26,596.44**	**344,661.78**
Less: Impairment loss allowance	-	438.04	438.04	-	310.55	310.55	-	124.93	124.93
Total (B) - Net	**386,070.97**	**20,259.98**	**406,330.95**	**336,514.34**	**23,672.39**	**360,186.73**	**318,065.34**	**26,471.51**	**344,536.85**
(C) (I) Loans in India									
(i) Public Sector	-	-	-	-	-	-	-	-	-
(ii) Private Sector	386,070.97	20,698.02	406,768.99	336,514.34	23,982.94	360,497.28	318,065.34	26,596.44	344,661.78
Total (C) - Gross	**386,070.97**	**20,698.02**	**406,768.99**	**336,514.34**	**23,982.94**	**360,497.28**	**318,065.34**	**26,596.44**	**344,661.78**
Less: Impairment loss allowance	-	438.04	438.04	-	310.55	310.55	-	124.93	124.93
Total (C) (I) - Net	**386,070.97**	**20,259.98**	**406,330.95**	**336,514.34**	**23,672.39**	**360,186.73**	**318,065.34**	**26,471.51**	**344,536.85**
(II) Loans outside India	-	-	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-
Total (C) (II) - Net	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total C(I) and C(II)	**386,070.97**	**20,259.98**	**406,330.95**	**336,514.34**	**23,672.39**	**360,186.73**	**318,065.34**	**26,471.51**	**344,536.85**

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

Notes:

1. Refer note no. 34(b) for loans to companies in which directors are interested.
2. The impairment on loans measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss.

7.1 AN ANALYSIS OF CHANGES IN THE GROSS CARRYING AMOUNT OF LOANS IS GIVEN BELOW*

(₹ In Lakhs)

	As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**352,437.13**	**9,648.94**	**6,384.58**	**368,470.65**	**334,188.68**	**10,937.42**	**6,676.69**	**351,802.79**
Changes in opening credit exposures (net of repayment and excluding write off)	(207,420.43)	(2,148.40)	(379.85)	(209,948.68)	(222,702.23)	(3,747.03)	48.40	(226,400.86)
New assets originated (net of repayment)**	255,330.03	883.63	128.08	256,341.74	249,302.63	741.26	379.68	250,423.57
Transfers from Stage 1	(8,479.75)	7,136.44	1,343.31	-	(11,449.88)	6,888.99	4,560.89	-
Transfers from Stage 2	4,880.90	(5,914.56)	1,033.66	-	3,194.42	(5,003.98)	1,809.56	-
Transfers from Stage 3	29.62	0.63	(30.25)	-	9.18	0.25	(9.43)	-
Amounts written off	(1,593.02)	(51.17)	(1,938.64)	(3,582.83)	(105.67)	(167.97)	(7,081.21)	(7,354.85)
Gross carrying amount closing balance	**395,184.48**	**9,555.51**	**6,540.89**	**411,280.88**	**352,437.13**	**9,648.94**	**6,384.58**	**368,470.65**

* The above classification also includes balance of spread receivable on assigned portfolio. (Refer note no. 9)

** New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

In accordance with the board approved moratorium policy read with RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Group had granted moratorium up to six months on the payment of installments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers.

The Honourable Supreme Court of India in a public interest litigation (Gajendra Sharma vs. Union of India & Anr), vide an interim order dated 3 September 2020 ('interim order'), has directed that no additional borrower accounts shall be classified as impaired ('non-performing assets' or 'NPA') which were not declared NPA till 31 August 2020, till further orders. Based on the said interim order, the Group has not classified any standard account as of 31 August 2020 as NPA after 31 August 2020. The Group has classified those accounts as stage 3 and provisioned accordingly for financial reporting purposes.

The interim order granted to not declare accounts as NPA stood vacated on 23 March 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors, and other connected matters, in accordance with the instructions in paragraph 5 of the RBI circular no. RB1/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated 7 April 2021 issued in this connection, the Group has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms and as per ECL model under Ind AS financial statements for the year ended 31 March 2021.

7.2 RECONCILIATION OF ECL BALANCE IS GIVEN BELOW:

(₹ In Lakhs)

	As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**2,287.71**	**1,949.70**	**1,936.03**	**6,173.44**	**1,161.68**	**1,181.98**	**1,381.21**	**3,724.87**
Changes in opening credit exposures (net of repayment and excluding write off)	1,356.14	(888.79)	303.93	771.28	(398.62)	911.64	1,333.85	1,846.87
New assets originated (net of repayment)	3,736.38	276.37	47.97	4,060.72	1,582.23	99.43	115.46	1,797.12
Transfers from Stage 1	(1,671.37)	1,141.09	530.28	-	(113.08)	66.72	46.36	-
Transfers from Stage 2	276.93	(561.10)	284.17	-	54.16	(301.41)	247.25	-
Transfers from Stage 3	0.64	-	(0.64)	-	1.91	0.04	(1.95)	-
Amounts written off	(8.73)	(23.11)	(584.79)	(616.63)	(0.57)	(8.70)	(1,186.15)	(1,195.42)
ECL allowance - closing balance	**5,977.70**	**1,894.16**	**2,516.95**	**10,388.81**	**2,287.71**	**1,949.70**	**1,936.03**	**6,173.44**

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 3,582.82 lakh at 31 March 2021 (31 March 2020 : ₹ 7,354.85 lakh).

The increase in ECL was driven by an increase in the gross amount of the portfolio, movements between stages as a result of increase in credit risk, change in probability of default and macro economic factors due to estimated impact of COVID-19 pandemic. The extent to which COVID-19 pandemic will impact current estimates of ECL is uncertain at this point of time. The Group has conducted a qualitative assessment and has considered forecasted macro economic factors and a higher probability of default to factor in the potential impact of COVID-19 on impairment allowances. For further details, refer note no. 42.

7.3 CREDIT QUALITY OF LOAN ASSETS

The table below shows the gross carrying amount of loans based on the Group's internal grading model and year-end stage classification of loans. The amounts presented are gross of impairment allowances. Details of the Group's internal grades are explained in note 42.1.

(₹ In Lakhs)

	As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal grade								
Performing								
High quality assets	395,184.48	-	-	395,184.48	352,437.13	-	-	352,437.13
Quality assets	-	4,420.78	-	4,420.78	-	4,188.85	-	4,188.85
Standard assets	-	5,134.73	-	5,134.73	-	5,460.09	-	5,460.09
Non- performing								
Sub standard assets	-	-	2,721.61	2,721.61	-	-	3,865.05	3,865.05
Low quality assets	-	-	3,819.28	3,819.28	-	-	2,519.53	2,519.53
Total	**395,184.48**	**9,555.51**	**6,540.89**	**411,280.88**	**352,437.13**	**9,648.94**	**6,384.58**	**368,470.65**

8. INVESTMENTS

(₹ In Lakhs)

	As at 31 March 2021			As at 31 March 2020			As at 01 April 2019		
	At amortised cost	At fair value through P&L	Total	At amortised cost	At fair value through P&L	Total	At amortised cost	At fair value through P&L	Total
Investments									
Alternative investment funds	-	2,029.90	2,029.90	-	-	-	-	-	-
Pass through certificates	6,564.03	-	6,564.03	-	-	-	-	-	-
Market linked debentures	-	11,566.97	11,566.97	-	-	-	-	-	-
Non - convertible debentures	-	-	-	500.00	-	500.00	-	-	-
Total – Gross (A)	**6,564.03**	**13,596.87**	**20,160.90**	**500.00**	**-**	**500.00**	**-**	**-**	**-**
(i) Investments outside India	-	-	-	-	-	-	-	-	-
(ii) Investments in India	6,564.03	13,596.87	20,160.90	500.00	-	500.00	-	-	-
Total (B)	**6,564.03**	**13,596.87**	**20,160.90**	**500.00**	**-**	**500.00**	**-**	**-**	**-**
Less: Allowance for impairment loss (C)	(2.52)	-	(2.52)	-	-	-	-	-	-
Total – Net D= (A)-(C)	**6,561.51**	**13,596.87**	**20,158.38**	**500.00**	**-**	**500.00**	**-**	**-**	**-**

9. OTHER FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Security deposits	81.50	82.81	68.79
Interest accrued but not due on investments	2.20	2.77	-
Spread receivable on assigned portfolio	4,511.89	7,973.37	7,141.03

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Interest Waiver Receivable From Banks	15.87	-	-
Ex-gratia interest amount under GOI scheme (net of ECL)	362.62	-	-
Sundry Debtors	1.89	2.24	-
Total other financial assets	**4,975.97**	**8,061.19**	**7,209.82**

10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(₹ In Lakhs)

Nature of assets	Property, plant and equipment (a)					Intangible assets (b)		
	Buildings	Office equipment	Furniture and fixtures	Vehicles	Total	Software	Other intangibles	Total
Cost								
As at 1 April 2019	**668.19**	**322.65**	**252.51**	**273.18**	**1,516.53**	**29.45**	**0.10**	**29.55**
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	**668.19**	**403.18**	**298.80**	**265.94**	**1,636.11**	**40.48**	**0.10**	**40.58**
Additions	-	16.89	-	-	16.89	3.13	-	3.13
Disposals	-	32.01	-	-	32.01	-	-	-
As at 31 March 2021	**668.19**	**388.06**	**298.80**	**265.94**	**1,620.99**	**43.61**	**0.10**	**43.71**
Depreciation/amortisation								
As at 1 April 2019	**20.48**	**135.92**	**52.25**	**68.21**	**276.86**	**17.54**	**-**	**17.54**
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	**31.92**	**164.92**	**54.79**	**101.57**	**353.20**	**28.77**	**0.01**	**28.78**
Depreciation/amortization charge	11.44	71.29	30.57	40.44	153.74	5.67	0.01	5.68
Disposal	-	30.75	-	-	30.75	-	-	-
As at 31 March 2021	**43.36**	**205.46**	**85.36**	**142.01**	**476.19**	**34.44**	**0.02**	**34.46**
Net block value:								
As at 1 April 2019	647.71	186.73	200.26	204.97	1,239.67	11.91	0.10	12.01
As at 31 March 2020	636.27	238.26	244.01	164.37	1,282.91	11.71	0.09	11.80
As at 31 March 2021	**624.83**	**182.60**	**213.44**	**123.93**	**1,144.80**	**9.17**	**0.08**	**9.25**

(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 1 April 2019	**295.87**
Additions	10.58
Disposals	15.62
As at 31 March 2020	**290.83**
Additions	-
Disposals	24.69
As at 31 March 2021	**266.14**
Depreciation	
At 1 April 2019	**-**
Additions	124.94
Disposals	1.76
As at 31 March 2020	**123.18**
Additions	97.81

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

(₹ In Lakhs)

Disposals	8.67
As at 31 March 2021	**212.32**
Net Block Value:	
At 1 April 2019	295.87
As at 31 March 2020	167.65
As at 31 March 2021	**53.82**

(d) Capital work in progress

Capital work in progress includes borrowing costs related to development of building amounted to ₹ 181.39 lakhs (31 March 2020: ₹ 231.57 lakhs). Finance costs are capitalised using rates based on specific borrowing rate i.e. 9.08%.

(₹ In Lakhs)

Capital work-in-progress	
At 1 April 2019	**4,564.43**
Additions	256.91
Disposals	-
At 31 March 2020	**4,821.34**
Additions	181.39
Disposals	-
At 31 March 2021	**5,002.73**

11. OTHER NON-FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Prepaid expenses	10.32	27.28	6.98
Advances to employees	16.61	12.16	13.03
Re-possessed assets	176.00	174.68	136.91
Balance with Government Authorities	19.12	64.00	39.41
Gratuity fund [refer note 39(b)]	4.79	1.28	21.11
Other advances	280.65	38.42	27.82
Total	**507.49**	**317.82**	**245.26**

12. DEBT SECURITIES (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Secured debentures (refer note no. 12.1)			
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	10,000.00	-	-
- 500, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	5,000.00	-	-
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	10,000.00	-	-
Market Linked debenture	6,500.00	-	-
Less: Unamortised borrowing costs	(88.48)	-	-
Total	**31,411.52**	**-**	**-**
Debt securities in India	31,411.52	-	-
Debt securities outside India	-	-	-
Total	**31,411.52**	**-**	**-**

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

12.1 DETAILS OF TERMS OF REDEMPTION/REPAYMENT IN RESPECT OF DEBT SECURITIES:

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Debentures					
1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	10,000.00	-	-	Coupon Rate: 9% p.a. Coupon Payment frequency: Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 years and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
- 500, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	5,000.00	-	-	Coupon Rate: 9% p.a. Coupon Payment frequency: Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 years and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	10,000.00	-	-	Coupon Rate: 9% p.a. Coupon Payment frequency: Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 years and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	6,500.00	-	-	Coupon Rate: Market Linked Coupon Payment frequency: on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Year	Secured by a first ranking exclusive Hypothecation charge over Assets
Total debentures	**31,500.00**	**-**	**-**		

13. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
(a) Term loans (refer note no. 13.1)			
(i) from banks	129,733.83	127,803.80	73,529.06
(ii) from NHB	1,605.41	1,575.12	1,212.86
(iii) from other parties (financial institutions)	36,546.85	20,869.18	26,211.40
(b) Loans repayable on demand from banks - cash credit (refer note (i) below)	34,324.52	16,494.46	43,478.36
(c) Loans repayable on demand from banks - overdraft (refer note (ii) below)	22.01	-	-
(d) Short term loans			
(i) from banks	112,796.22	107,800.00	77,500.00
Less: Unamortised borrowing costs	(1,162.04)	(942.74)	(604.58)
Total	**313,866.80**	**273,599.82**	**221,327.10**
Secured	311,387.53	271,124.40	221,327.10
Unsecured	2,479.27	2,475.42	-
Total	**313,866.80**	**273,599.82**	**221,327.10**
Borrowings in India	313,866.80	273,599.82	221,327.10
Borrowings outside India	-	-	-
Total	**313,866.80**	**273,599.82**	**221,327.10**

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

Note:

For Cash credit and short term loans

a.) Cash credit / short term loans from banks are secured by hypothecation of movable assets of the Group and goods covered under hypothecation ("HP") agreements / Loan cum HP agreements and book debts, receivables, loans and advances and entire portfolio outstanding (except specific portfolio generated from various term loans sanctioned by various banks/financial institutions on an exclusive basis) and equitable mortgage/negative lien by deposit of title deeds on some of the Group's immovable properties, as collateral security. The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi, Mrs. Shweta Kamlesh Gandhi and Legal heirs of Late Mr. Mukesh Chimanlal Gandhi.

b.) Interest rate range

Interest rate ranges from 7.65% p.a to 12.00% p.a as at 31 March 2021.

Interest rate ranges from 8.50% p.a to 12.00% p.a as at 31 March 2020.

Interest rate ranges from 8.40% p.a to 12.00% p.a as at 1 April 2019.

For overdraft

a.) Overdraft from Bank is secured by Term Deposits placed with the banks with margin required as per the terms of sanctions.

b.) Interest rate range

Interest rate ranges from 4.00% p.a to 4.50% p.a as at 31 March 2021.

The Group has not defaulted in repayment of borrowings and interest.

The carrying amount of financial assets which is hypothecated against secured borrowing inclusive of margin requirement ranging from 1.00 times to 1.25 times is amounting to ₹ 4,09,016.39 lakhs (31 March 2020: ₹ 3,54,633.93 lakhs, 1 April 2019: ₹ 3,47,249.30 lakhs).

13.1 DETAILS OF TERMS OF REPAYMENT IN RESPECT OF TERM LOANS:

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term loans from banks (Refer note i)					
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	2,400.00	-	-	Repayable in 12 Quarterly installments from 30 June 2021	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 3	-	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 Holding Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 4	-	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 Holding Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 5	0.58	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 Holding Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loan - 6	8,000.00	-	-	Repayable in 20 Quarterly installments from 30 June 2021.	Secured by a first ranking and exclusive charge on standard receivables of the Holding Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 7	7,500.00	-	-	Repayable in 33 monthly installments from 30 July 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed .
Term Loan - 8	-	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 Holding Company created out of the loan availed .
Term Loan - 9	626.39	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 Holding Company created out of the loan availed .
Term Loan - 10	778.57	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 Holding Company created out of the loan availed .
Term Loan - 11	1,914.10	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 - 12	1,958.22	3,071.81	-	Repayable in 36 monthly installments from 7 November 2019.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed .
Term Loan - 13	522.58	750.00	-	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed .
Term Loan - 14	2,090.32	3,000.00	-	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed .
Term Loan - 15	870.97	1,250.00	-	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed .
Term Loan - 16	750.00	-	-	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed .
Term Loan - 17	3,000.00	-	-	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed .
Term Loan - 18	1,250.00	-	-	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed .

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loan - 19	208.33	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 Holding Company's book debts and loan installments receivables.
Term Loan - 20	-	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 Holding Company created/to be created out of the loan availed .
Term Loan - 21	4,000.00	-	-	Repayable in 36 monthly installments from 30 April 2021.	Secured by a first and exclusive charge on specific book debt and future receivables of the Holding Company created/to be created out of the loan availed .
Term Loan - 22	4,583.33	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 Holding Company.
Term Loan - 23	2,536.36	7,272.73	10,000.00	Repayable in 11 Quarterly installments from 30 September 2019.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Holding Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 24	7,272.73	-	-	Repayable in 11 Quarterly installments from 30 December 2020.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Holding Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 25	10,000.00	-	-	Repayable in 18 Quarterly installments from 30 December 2021.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Holding Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 26	-	2,500.00	5,000.00	Repayable in 16 Quarterly installments 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, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loan - 27	-	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 - 28	166.67	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 - 29	1,250.00	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 Holding Company out of the bank finance.

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loan - 30	3,750.00	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 - 31	4,879.76	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 Holding Company out of the bank financed to the Holding Company. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loan - 32	5,200.00	8,450.00	-	Repayable in 16 Quarterly installments from 30 September 2019.	Secured by Hypothecation of portfolio of the Holding Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loan - 33	12,750.00	19,125.00	-	Repayable in 16 Quarterly installments from 29 February 2020.	Secured by Hypothecation of portfolio of the Holding Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loan - 34	2,000.00	-	-	Repayable in 16 Quarterly installments from 26 June 2021.	Exclusive charge by way of hypothecation on book debts under standard assets portfolio of the borrower eligible for Bank finance.
Term Loan - 35	15,489.46	20,000.00	-	Repayable in 18 Quarterly installments from 31 December 2020.	Exclusive charge by the way of hypothecation on specific receivables of the Holding Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 36	5,000.00	-	-	Repayable in 19 Quarterly installments from 30 September 2021.	Exclusive charge by the way of hypothecation on specific receivables of the Holding Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 37	3.83	18.75	32.43	Repayable in 36 monthly installments from 5 July 2018.	Secured by hypothecation of the vehicle financed.
Term Loan - 38	-	50.00	150.00	Repayment in 8 Quarterly Instalments 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 & legal heirs of Mukesh Gandhi.

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loan - 39	-	250.00	750.00	Repayment in 8 Quarterly Instalments 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 & legal heirs of Mukesh Gandhi.
Term Loan - 40	250.00	375.00	875.00	Repayment in 8 Quarterly Instalments from 27 March 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 41	1,515.63	2,100.00	2,800.00	Repayment in 8 Quarterly Instalments from 27 December 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 42	1,500.00	-	-	Repayment in 36 Monthly Instalments from 03 April 2021	The Term loan shall be secured by exclusive hypothecation of present & future loan receivables of the Subsidiary company created out of the loan. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 43	-	84.23	421.13	Repayment in 24 Quarterly Instalments starting from 01 September 2014	Loan is secured by hypothecation charge on portfolio created form the bank finance. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 44	810.42	1,010.98	1,335.42	Repayment in 24 Quarterly Instalments starting from 31 March 2017	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 45	375.00	458.33	625.00	Repayment in 24 Quarterly Instalments starting from 31 March 2017	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loan - 46	291.67	375.00	541.67	Repayment in 24 Quarterly Instalments beginning from 31 July 2016	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 47	187.50	250.00	333.33	Repayment in 24 Quarterly Instalments starting from 30 June 2017	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 48	416.67	541.67	666.67	Repayment in 24 Quarterly Instalments starting from 30 June 2017	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 49	902.09	-	-	Repayment in 57 Monthly Instalments starting from 30 October 2020	Loan is secured by Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Subsidiary company out of the bank finance to the Subsidiary company. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 50	2,000.00	-	-	Repayment in 60 Monthly Instalments starting from 30 July 2021	Loan is secured by Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Subsidiary company out of the bank finance to the Subsidiary company. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 51	107.14	178.57	321.43	Repayment in 28 Quarterly Instalments from 30 April 2014	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 52	-	37.50	87.50	Repayment in 20 Quarterly Instalments from 31 March 2016	Hypothecation of the Receivables arising out of onward lending of Rupee Term loan extended by the Bank. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 53	104.17	166.67	250.00	Repayment in 24 Quarterly Instalments beginning from 30 June 2016	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 54	713.35	797.89	958.33	Repayment in 24 Quarterly Instalments starting from 31 January 2019	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets).Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 55	419.71	462.09	500.00	Repayment in 24 Quarterly Instalments starting from 30 September 2019	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets).Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loan - 56	965.13	1,007.96	-	Repayment in 24 Quarterly Instalments from 31 December 2020	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets).Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 57	1,510.74	1,510.50	-	Repayment in 24 Quarterly Instalments from 30 June 2021	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets).Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 58	831.13	1,375.00	2,375.00	Repayment in 10 Quarterly Instalments starting from 28 February 2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs Shweta Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 59	1,914.84	2,200.00	2,500.00	Repayment in 26 Quarterly Instalments starting from 28 February 2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs Shweta Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 60	37.50	87.50	137.50	Repayment in 24 Quarterly Instalments from 19 March 2016	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the Subsidiary company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs Shweta Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 61	87.43	204.11	320.79	Repayment in 24 Quarterly Instalments from 19 March 2016	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the Subsidiary company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs Shweta Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 62	541.67	671.62	791.67	Repayment in 24 Quarterly Instalments from 31 March 2018	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loan - 63	166.52	364.11	666.67	Repayment in 36 monthly Instalments from 30 April 2018	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 64	3,333.33	4,200.46	5,000.00	Repayment in 18 Quarterly Instalments from 30 June 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 65	-	-	187.50	Repayable in 24 Quarterly instalments from 28 February 2014	Loan is secured by hypothecation charge on portfolio created form the bank finance. Corporate Guarantee of MAS Financial Services Ltd. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 66	-	-	445.09	Repayment in 8 Quarterly Instalments starting from 07 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 & legal heirs of Mukesh Gandhi.
Total term loans from banks	**129,733.83**	**127,803.80**	**73,529.06**		

Note (i):

Interest rate ranges from 7.75% p.a to 10.75% p.a as at 31 March 2021.
Interest rate ranges from 8.75% p.a to 11.00% p.a as at 31 March 2020.
Interest rate ranges from 8.75% p.a to 11.05% p.a as at 1 April 2019.

Term loans from NHB (Refer note ii)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loan from NHB - 1	227.41	265.90	397.36	Repayment in 39 Quarterly Instalments from 01 July 2017	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loan from NHB - 2	246.22	278.53	344.61	Repayment in 39 Quarterly Instalments from 01 October 2017	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 3	179.10	284.55	-	Repayment in 60 Quarterly Instalments from 01 October 2019	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 4	70.00	177.50	-	Repayment in 60 Quarterly Instalments from 01 October 2019	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 5	379.60	400.00	-	Repayment in 60 Quarterly Instalments from 01 July 2020	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 6	276.00	-	-	Repayment in 39 Quarterly Instalments from 01 October 2020	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 7	83.01	-	-	Repayment in 39 Quarterly Instalments from 31 July 2020	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 8	144.07	168.64	304.25	Repayment in 51 Quarterly Instalments from 01 July 2014	A first exclusive mortgage and or a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Subsidiary Company. Corporate Guarantee of MAS Financial Services Ltd.
Term Loan from NHB - 9	-	-	79.44	Repayment in 39 Quarterly Instalment from 01 July 2017	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 10	-	-	79.44	Repayment in 39 Quarterly Instalment from 01 July 2017	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 11	-	-	7.76	Repayable in 27 Quarterly instalments from 01 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 Subsidiary Company. Corporate Guarantee of MAS Financial Services Ltd.
Total term loans from NHB	**1,605.41**	**1,575.12**	**1,212.86**		

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

Note (ii):

Interest rate ranges from 4.68% p.a to 8.90% p.a as at 31 March 2021.
Interest rate ranges from 4.68% p.a to 9.25% p.a as at 31 March 2020.
Interest rate ranges from 5.32% p.a to 9.25% p.a as at 1 April 2019.

Term loans from NHB (Refer note iii)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loans from a Financial Institution - 1	1,053.62	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 Holding 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 Holding Company. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 3	1,705.72	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. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
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 Holding 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 Holding 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 Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 7	500.00	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 Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 8	1,666.67	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 Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 9	1,597.22	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 Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 10	3,116.67	-	-	Repayable in 36 monthly installments from 31 January 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 11	1,600.00	-	-	Repayable in 36 monthly installments from 30 April 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 12	2,500.00	2,500.00	-	Bullet Repayment on 17 August 2026.	N.A.

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Term Loans from a Financial Institution - 13	1,300.00	-	-	Repayable in 9 monthly installments from 10 August 2020.	Secured by exclusive first charge by way of hypothecation on standard book debts of the Holding Company. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 14	62.50	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. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 15	20,000.00	-	-	Repayable in 20 Quarterly installments from 30 June 2021.	Exclusive charge by way of hypothecation of the specific receivables/book debts. Liquid collateral of 10% of the sanctioned amount.
Term Loans from a Financial Institution - 16	-	363.64	727.27	Repayment in 11 Quarterly Instalments starting from 30 September 2018	The Loan is secured by Exclusive first charge on the loan portfolio of the Subsidiary Company by way of hypothecation on the loan instalments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loans from a Financial Institution - 17	527.78	861.11	-	Repayment in 36 Monthly Instalments starting from 30 November 2019	The Loan is secured by Exclusive first charge on the loan portfolio of the Subsidiary Company by way of hypothecation on the loan instalments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loans from a Financial Institution - 18	916.67	-	-	Repayment in 36 Monthly Instalments starting from 31 January 2021	The Loan is secured by Exclusive first charge on the loan portfolio of the Subsidiary Company by way of hypothecation on the loan instalments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loans from a Financial Institution - 19	-	55.52	222.20	Repayment 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 - 20	-	64.52	258.07	Repayment in 31 Monthly Instalments starting from 15 January 2018	Loan is secured by hypothecation of book debts created out of the loan availed.
Total term loans from others	**36,546.85**	**20,869.18**	**26,211.40**		

Note (iii):

Interest rate ranges from 6.32% p.a to 11.15% p.a as at 31 March 2021.
Interest rate ranges from 6.43% p.a to 12.25% p.a as at 31 March 2020.
Interest rate ranges from 9.80% p.a to 12.75% p.a as at 1 April 2019.

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

14. SUBORDINATED LIABILITIES (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Unsecured debentures (refer note 14.1)			
- 400, 14.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	4,000.00	4,000.00	4,000.00
- 200, 13.50% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	2,000.00	2,000.00	2,000.00
Less: Unamortised borrowing costs	(3.45)	(10.82)	(18.22)
Total	**5,996.55**	**5,989.18**	**5,981.78**
Subordinated liabilities in India	5,996.55	5,989.18	5,981.78
Subordinated liabilities outside India	-	-	-
Total	**5,996.55**	**5,989.18**	**5,981.78**

Note: Above unsecured debentures has been re-classified from debt securities to subordinated liabilities.

14.1 DETAILS OF TERMS OF REDEMPTION/REPAYMENT IN RESPECT OF SUBORDINATED LIABILITIES:

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019	Terms of redemption/ repayment	Security
Subordinated liabilities					
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each	4,000.00	4,000.00	4,000.00	Coupon Rate: 13.00% p.a. Coupon Payment frequency: Quarterly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 7 years	N.A.
200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each	2,000.00	2,000.00	2,000.00	Coupon Rate: 13.50% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 6 years and 6 months	N.A.
Total subordinated liabilities	**6,000.00**	**6,000.00**	**6,000.00**		

15. OTHER FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Interest accrued but not due on borrowings	2,210.84	1,261.73	432.64
Interest accrued but not due on others	2,579.07	3,331.05	3,081.85
Dues to the assignees towards collections from assigned receivables	26,223.67	26,205.65	17,925.91
Security deposits received from borrowers	32,027.41	49,916.12	51,044.56
Advances received against loan agreements	12.87	10,034.11	12.37
Unpaid dividend on equity shares	1.83	2.98	0.49
Dealer advances	266.90	108.05	142.90
Lease liability	66.14	191.43	-
Provision for Interest on Interest waiver	78.67	-	-
Amount received under credit linked subsidy scheme (refer note no. 15.1)	-	-	584.99
Total other financial liabilities	**63,467.40**	**91,051.12**	**73,225.71**

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

Note

15.1 AMOUNT RECEIVED UNDER CREDIT LINKED SUBSIDY SCHEME

The credit linked subsidy amount as at 1 April 2019 represents the amount received from NHB during the year ended 31 March 2019 pending credit to customer accounts based on their eligibility.

16. PROVISIONS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Provision for employee benefits (Refer note 39)			
Compensated absences	7.66	1.57	17.19
Provision for Gratuity	5.10	45.65	-
Provision for unspent CSR liability	384.21	-	-
Total provisions	**396.97**	**47.22**	**17.19**

17. OTHER NON-FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Statutory remittances	267.88	465.16	487.90
Unearned income on assigned loans	4,511.89	7,973.37	7,141.03
Income received in advance	965.53	1,414.29	1,447.42
Total other non-financial liabilities	**5,745.30**	**9,852.82**	**9,076.35**

18. EQUITY SHARE CAPITAL

(₹ In Lakhs)

		As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Authorized shares:				
64,000,000	Equity Shares of ₹ 10 each (As at 31 March 2020: 6,40,00,000 Equity Shares of ₹ 10 each) (As at 1 April 2019: 6,40,00,000 Equity Shares of ₹ 10 each)	6,400.00	6,400.00	6,400.00
22,000,000	0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2020: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) (As at 1 April 2019: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00	2,200.00
22,000,000	13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2020: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each) (As at 1 April 2019: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00	2,200.00
400	9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each (As at 31 March 2020: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each) (As at 1 April 2019: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each)	400.00	400.00	400.00
		11,200.00	11,200.00	11,200.00
Issued, subscribed and fully paid-up shares:				
54,662,043	Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2020: 5,46,62,043 E "Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2020: 5,46,62,043 Equity Shares of ₹ 10 each) (As at 1 April 2019: 5,46,62,043 Equity Shares of ₹ 10 each) quity Shares of ₹ 10 each) (As at 1 April 2019: 5,46,62,043 Equity Shares of ₹ 10 each)	5,466.20	5,466.20	5,466.20
		5,466.20	**5,466.20**	**5,466.20**

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

18.1 RECONCILIATION OF THE NUMBER OF SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR:

	As at 31 March 2021		As at 31 March 2020	
	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

18.2 DETAILS OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES:

(₹ In Lakhs)

Class of shares / Name of shareholder	As at 31 March 2021		As at 31 March 2020		As at 01 April 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares						
Shweta Kamlesh Gandhi	16,338,450	29.89%	16,338,450	29.89%	16,338,450	29.89%
Mukesh C. Gandhi (Refer note 1 below)	16,156,814	29.56%	16,155,814	29.56%	16,155,814	29.56%
Kamlesh C. Gandhi (Refer note 2 below)	6,286,833	11.50%	6,281,583	11.49%	6,264,081	11.46%
Vistra ITCL I Ltd Business Excellence Trust III India Business	4,044,579	7.40%	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	2,764,059	5.06%	2,778,491	5.08%	-	0.00%

Notes:

1) Mr. Mukesh C. Gandhi has passed away on 19 January 2021.

2) 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 as at 31 March 2020.

18.3 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.

18.4 The Holding Company has not allotted any share pursuant to contracts without payment being received in cash nor has it bought back any shares during the preceding period of 5 financial years.

18.5 TERMS/ RIGHTS ATTACHED TO EQUITY SHARES

The Holding Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Holding Company, the equity shareholders of the Holding Company will be entitled to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

19. OTHER EQUITY (REFER NOTE 19.1)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Reserve under section 45-IC of Reserve Bank of India Act, 1934 (the "RBI Act, 1934")		
Outstanding at the beginning of the year	14,522.00	10,957.74
Additions during the year	2,870.06	3,564.26

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Outstanding at the end of the year	17,392.06	14,522.00
Equity component of compound financial instruments- optionally convertible preference shares		
Outstanding at the beginning of the year	10.72	33.61
Less: Dividend on 6% OCPS	-	(18.99)
Less: Dividend Distribution Tax on 6% OCPS	-	(3.90)
Outstanding at the end of the year	10.72	10.72
Reserve fund under section 29C of The National Housing Bank Act, 1987 ("NHB Act")		
Opening balance		
a. Statutory reserve u/s 29C of NHB Act	1.80	1.80
b. Amount of special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	313.16	260.12
c. Total	**314.96**	**261.92**
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	66.83	53.04
Less:		
a. Amount appropriated u/s 29C of NHB Act	-	-
b. Amount withdrawn from special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	-	-
Closing balance		
a. Statutory reserve u/s 29C of NHB Act	1.80	1.80
b. Amount of special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	379.99	313.16
c. Total	**381.79**	**314.96**

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Securities premium		
Outstanding at the beginning of the year	42,695.48	42,695.48
Additions during the year	-	-
Outstanding at the end of the year	42,695.48	42,695.48
Retained earnings		
Outstanding at the beginning of the year	28,381.53	22,945.28
Profit for the year	14,436.01	16,739.40
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	54.03	(24.05)
Transition impact of Ind AS 116	-	(12.45)
	42,871.57	**39,648.18**
Appropriations:		
Transfer to reserve under section 45-IC of the RBI Act,1934	(2,870.06)	(3,564.26)
Reserve u/s.29C of NHB Act and special reserve u/s 36(1)(viii) of Income-tax Act, 1961	(66.83)	(53.04)
Final dividend on equity shares	-	(1,967.83)
Interim dividend on equity shares	-	(4,372.96)
Dividend Distribution Tax ("DDT") on final equity dividend	(0.32)	(1,308.56)
Total appropriations	**(2,937.21)**	**(11,266.65)**
Retained earnings	**39,934.36**	**28,381.53**

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Other comprehensive income		
Outstanding at the beginning of the year	7,317.28	4,561.24
Loans and advances through other comprehensive Income	950.63	662.42
Impairment on loans and advances through OCI	4,078.81	2,260.35
Income tax relating to items that will be reclassified to profit or loss	(239.26)	(166.73)
Other comprehensive income for the year, net of tax	12,107.46	7,317.28
Total other equity	**112,521.87**	**93,241.97**

19.1 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 Retained earnings

Retained earnings is the accumulated available profit of the Group carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

The Group recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings with separate disclosure, which comprises of

i) actuarial gains and losses;

ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

6 Other comprehensive income

On equity investments

The Holding Company has elected to recognise changes in the fair value 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.

On 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. Further, impairment loss allowances on the loans measured at FVOCI are recognised in OCI.

Notes

Forming part of the Consolidated Financial Statements as at 31 March 2021 (Contd.)

19.2 EQUITY DIVIDEND PAID AND PROPOSED

(₹ In Lakhs)

	31 March 2021	31 March 2020
Declared and paid during the year		
Dividends on equity shares:		
Final dividend for 31 March 2020: Nil per share (31 March 2019: ₹ 3.60 per share)	-	1,967.83
Interim dividend for 31 March 2021: Nil per share (31 March 2020 : ₹ 8 per share)	-	4,372.96
Total dividends paid	**-**	**6,340.79**

(₹ In Lakhs)

	31 March 2021	31 March 2020
Proposed for approval at Annual General Meeting (not recognised as a liability)		
Dividend on equity shares:		
Final dividend for 31 March 2021: ₹ 1.5 per share (31 March 2020: Nil per share)	819.93	-

20. INTEREST INCOME

(₹ In Lakhs)

	Year ended 31 March 2021			Year ended 31 March 2020		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Interest on loans	44,301.59	2,992.18	47,293.77	52,418.13	3,651.91	56,070.04
Interest on deposits with banks	-	2,971.87	2,971.87	-	1,272.86	1,272.86
Other interest income	586.96	876.06	1,463.02	719.38	1,220.53	1,939.91
Total	**44,888.55**	**6,840.11**	**51,728.66**	**53,137.51**	**6,145.30**	**59,282.81**

21. NET GAIN ON FAIR VALUE CHANGES

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Net gain on financial instruments at fair value through profit or loss - investments	29.90	-
Fair value changes:		
- Realised	29.90	-
- Unrealised	-	-
Total	**29.90**	**-**

22. OTHER INCOME

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Net loss on derecognition of property, plant and equipment	(1.16)	(0.82)
Interest income from debentures	39.25	8.26
Interest income from pass through certificates	2.20	-
Gain on derecognition of leased asset	2.83	0.95
Income from non-financing activity	30.08	27.52
Total	**73.20**	**35.91**

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021

23. FINANCE COST (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Interest on borrowings	21,389.61	22,762.62
Interest on debt securities	1,478.89	-
Interest on subordinated liabilities	790.00	791.81
Other interest expense	3,548.28	4,908.68
Other borrowing cost	1,274.52	1,142.69
Lease liability interest obligation	12.24	24.00
Total	**28,493.54**	**29,629.80**

24. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Loans		
- Expected credit loss (On financial instruments measured at FVOCI)	4,192.94	2,442.13
- Expected credit loss (On financial instruments measured at amortised cost)	22.48	6.44
- Write off (net of recoveries)	3,566.87	6,017.61
Investments		
- Expected credit loss (On financial instruments measured at amortised cost)	2.52	-
Total	**7,784.81**	**8,466.18**

25. EMPLOYEE BENEFITS EXPENSE

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries and wages	3,227.38	5,528.99
Contribution to provident fund and other funds	182.57	222.53
Gratuity expense (Refer note 39)	58.12	43.67
Staff welfare expenses	35.25	73.81
Total	**3,503.32**	**5,869.00**

26. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation on property, plant and equipment	153.75	148.87
Amortisation of intangible assets	5.68	11.24
Right-of-use asset depreciation	97.81	124.94
Total	**257.24**	**285.05**

27. OTHER EXPENSES

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Rent	172.35	144.47
Rates and taxes	18.59	14.22
Stationery and printing	46.56	98.19
Telephone	60.71	74.31
Electricity	60.19	78.99
Postage and courier	42.64	87.11

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Insurance	102.09	95.61
Conveyance	70.36	160.24
Travelling	55.83	253.88
Repairs and maintenance:		
Building	1.27	39.72
Others	72.32	133.73
Professional fees	504.41	545.73
Payment to auditors (refer note below)	66.47	61.89
Director's sitting fees	12.26	10.25
Legal expenses	49.99	154.07
Bank charges	147.39	238.58
Advertisement expenses	26.02	211.83
Loss on sale of repossessed assets	351.42	347.26
Sales promotion expenses	2.36	64.05
Recovery contract charges	47.97	80.61
Corporate social responsibility expenditure (Refer note 32)	417.64	53.91
Miscellaneous expenses	182.21	172.92
Total	**2,511.05**	**3,121.57**
Note: Payment to auditors (including taxes)		
As auditor		
Statutory audit	26.32	26.08
Limited review of quarterly results	29.43	29.70
Other services	10.53	2.92
Reimbursements of expenses	0.19	3.19
	66.47	**61.89**

28. TAX EXPENSES

The components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax	5,935.17	6,391.18
Adjustment in respect of current income tax of prior years	(0.29)	(95.99)
Deferred tax	(890.40)	(76.03)
Total tax charge	**5,044.48**	**6,219.16**
Current tax	5,934.88	6,295.19
Deferred tax	(890.40)	(76.03)

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 assets in the books of the Group had been re-measured at lower rate with a one-time impact of ₹ 459.28 lakh recognised in the consolidated financial statement for the year ended 31 March 2020.

28.1 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 2021 and 31 March 2020 is, as follows:

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Accounting profit before tax	19,596.91	23,027.84
Applicable tax rate	25.168%	25.170%
Computed tax expense	**4,932.15**	**5,796.11**
Tax effect of :		
Exempted income	(0.88)	(2.68)
Additional deduction	(15.44)	(12.23)
Non deductible items	115.87	82.61
Adjustment on account of change in tax rate	-	459.28
Adjustment in respect of current income tax of prior years	(0.29)	(95.99)
Others	13.07	(7.94)
Tax expenses recognised in the statement of profit and loss	**5,044.48**	**6,219.16**
Effective tax rate	25.741%	27.007%

28.2 DEFERRED TAX

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Deferred tax asset / liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	1,626.01	1,704.24
Credit / (charge) to other equity	-	4.70
Credit / (charge) for loans and advances through OCI	(241.70)	(167.47)
Credit / (charge) for remeasurement of the defined benefit liabilities	(18.55)	8.51
Credit / (charge) to the statement of profit and loss	890.40	76.03
At the end of year DTA / (DTL)	**2,256.16**	**1,626.01**

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 2020	Statement of profit and loss	OCI	Other Equity	As at 31 March 2021
Component of deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to:					
Difference between written down value of fixed assets as per books of accounts and income tax	(35.16)	(0.21)	-	-	(35.37)
Deferred tax on fair value of investments	0.04	-	-	-	0.04
Impact of fair value of assets	(123.89)	-	(241.70)	-	(365.59)
Income taxable on realised basis	201.06	(180.92)	-	-	20.14
Deferred tax on prepaid finance charges	5.35	3.74	-	-	9.09
Impairment on financial assets	1,553.83	1,061.48	-	-	2,615.31
Recognition of lease asset and right to use asset	7.22	(2.88)	-	-	4.34
Expenses allowable on payment basis	17.58	9.19	(18.55)	-	8.22
Total	**1,626.03**	**890.40**	**(260.25)**	**-**	**2,256.18**

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

(₹ In Lakhs)

	As at 01 April 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)	2.42	-	-	0.04
Impact of fair value of assets	60.50	(16.92)	(167.47)	-	(123.89)
Income taxable on realised basis	401.22	(200.16)	-	-	201.06
Deferred tax on prepaid finance charges	(11.67)	17.02	-	-	5.35
Impairment on financial assets	1,292.72	261.11	-	-	1,553.83
Recognition of lease asset and right to use asset	-	2.52	-	4.70	7.22
Expenses allowable on payment basis	5.91	3.16	8.51	-	17.58
Total	**1,704.26**	**76.03**	**(158.96)**	**4.70**	**1,626.03**

28.3 CURRENT TAX LIABILITIES

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Provision for tax [net of advance tax of ₹ 4,720.24 lakhs (31 March 2020 Nil and 1 April 2019 ₹ 6,727.56 lakhs)]	1,214.93	-	1,621.96

28.4 INCOME TAX ASSETS

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Income tax assets [net of provision for tax of ₹ 22,294.09 lakhs (31 March 2020 ₹ 27,388.59 lakhs and 1 April 2019 ₹ 12,771.00 lakhs)]	592.40	223.22	95.16

29. EARNINGS PER SHARE

(₹ In Lakhs)

		Year ended 31 March 2021	Year ended 31 March 2020
(A)	**Basic earnings per share**		
	Net profit for the year attributable to the owners of the Holding Company (basic)	**14,436.01**	**16,739.40**
	Weighted average number of equity shares of ₹ 10 each	54,662,043	54,662,043
	Basic earnings per share of face value of ₹ 10 each (in ₹)	26.41	30.62
(B)	**Diluted earnings per share**		
	Net profit for the year attributable to the owners of the Holding Company (diluted)	**14,436.01**	**16,739.40**
	Weighted average number of equity shares of ₹ 10 each	54,662,043	54,662,043
	Diluted earnings per share of face value of ₹ 10 each (in ₹)	26.41	30.62

30. CHANGES IN ACCOUNTING POLICIES

The accounting policies and practices followed in the preparation of the consolidated financial statement for the year ended 31 March 2021 are the same as those followed in the preparation of the standalone financial statement for the year ended 31 March 2020, except for the change in accounting policy as explained in below paras.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Amortising the gain on assignment of financial assets over the residual tenure instead of booking upfront gain

During the year ended 31 March 2020, on derecognition of loans in its entirety upon assignment, as per Ind AS 109 'Financial Instruments', the Group has been recognising the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including new asset obtained less any new liability assumed) as gain immediately in the statement of profit or loss. In view of the Group, this inflates the income at the time of assignment and leads to reporting higher earnings per share, potentially higher dividend pay-out and improved capital adequacy ratio. Further, after taking views from RBI circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 which states that the responsibility of preparing and ensuring fair presentation of the financial statements of a NBFC vests primarily with its Board of Directors, RBI circular no. DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012 and as per paragraph 19 of Ind AS 1 'Presentation of Financial Statements', management has concluded that the upfront booking of income which is to be received over underlying residual tenure of the assigned portfolio would be so misleading that it would conflict with the objective of the financial statements set out in the Conceptual Framework for Financial Reporting under Ind AS and therefore to present a true and fair view of the Group's financial position, financial performance for the given period, during the year ended 31 March 2021, the Group has departed from the requirements of Ind AS 109 and changed its policy for more transparent and fair representation of the financial statements.

As per the new policy, on derecognition of financial assets on account of direct assignment of loans, gain is recognized as "Unearned income on assigned loans" under the head other non-financial liabilities and amortized in the profit or loss over the underlying residual terms of the assigned portfolio.

Further, NBFC industry body Finance Industry Development Council (the 'association') which is represented by more than 100 NBFCs, has made representation to Reserve Bank of India and National Financial Reporting Authority ('NFRA') whereby the said change in accounting policy has also been requested by the association also. The association has requested RBI and NFRA to allow the gain on direct assignment transactions to be amortized instead of recognition of the gain in the statement of profit and loss immediately upon assignment of the loans due to above mentioned limitations.

As per paragraph 14(b) of Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', an entity may change its accounting policy if it results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. The Group believes that by following new policy, the above objective will be achieved.

As per the requirement of Ind AS 1, the new accounting policy has been implemented retrospectively from the beginning of the earliest period presented i.e. 1 April 2019. On account of new policy, in case of derecognition of loans upon assignment prior to 1 April 2019, where underlying residual terms of the assigned portfolio was falling on or after 1 April 2019, the Group has reduced other equity by ₹ 4,633.32 lakh, reduced the deferred tax liability by ₹ 2,495.38 lakh, reduced non-controlling interest by ₹ 12.33 lakh and recognized unearned income on assigned loans under the head other non-financial liabilities ₹ 7,141.03 lakh.

Had the Group not revised its policy, other equity would have increased by ₹ 3,319.53 lakh to ₹ 1,15,841.40 lakhs, non-controlling interest would have increased by ₹ 53.26 lakh, deferred tax assets would have decreased by ₹ 1,139.10 lakh and liability on unearned income would have decreased by ₹ 4,511.89 lakh to Nil as at 31 March 2021. Had the Group followed the accounting which it followed hitherto, the Group would have recognized gain on assignment of ₹ 942.01 lakh and ₹ 4,664.06 lakh for the quarter and year ended 31 March 2021, respectively. As per the new policy, the Group has recognized gain on assignment (on amortised basis) of ₹ 1,756.87 lakh and ₹ 8,125.55 lakh for the quarter and year ended 31 March 2021, respectively. Accordingly, gain on assignment would have decreased by ₹ 814.86 lakh and ₹ 3,461.49 lakh and deferred tax credit would have increased by ₹ 205.08 lakh and ₹ 871.19 lakh for the quarter and year ended 31 March 2021, respectively.

As per the requirement of Ind AS 8, the Group has restated the financial information of previous financial year 2019-20 to reflect the change in accounting policy as explained above. The following table summarises the reconciliation of figures restated with previously reported figures. The tables show the adjustments recognised for each individual line item.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

(₹ In Lakhs)

Standalone Balance Sheet	31 March 2020 as originally presented*	Adjustment	31 March 2020 (Restated)	31 March 2019 as originally presented*	Adjustment	1 April 2019 (Restated)
ASSETS						
Financial Assets						
Cash and cash equivalents	104,585.56	-	104,585.56	39,748.53	-	39,748.53
Bank balance other than cash and cash equivalents	192.60	-	192.60	1,280.68	-	1,280.68
Loans	360,186.73	-	360,186.73	344,536.85	-	344,536.85
Investments	500.00	-	500.00	-	-	-
Other financial assets	8,061.19	-	8,061.19	7,209.82	-	7,209.82
Total financial assets	**473,526.08**	**-**	**473,526.08**	**392,775.88**	**-**	**392,775.88**
Non-financial assets						
Income tax assets (net)	223.22	-	223.22	95.16	-	95.16
Deferred tax assets (net)	60.13	1,565.88	1,626.01	69.41	1,634.83	1,704.24
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	167.65	-	167.65	-	-	-
Other intangible assets	11.80	-	11.80	12.01	-	12.01
Other non-financial assets	317.82	-	317.82	245.26	-	245.26
Total non-financial assets	**6,884.87**	**1,565.88**	**8,450.75**	**6,225.94**	**1,634.83**	**7,860.77**
Total assets	**480,410.95**	**1,565.88**	**481,976.83**	**399,001.82**	**1,634.83**	**400,636.65**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Trade payables	812.78	-	812.78	600.10	-	600.10
Borrowings (other than debt securities)	273,599.82	-	273,599.82	221,327.10	-	221,327.10
Subordinated liabilities	5,989.18	-	5,989.18	5,981.78	-	5,981.78
Other financial liabilities	91,051.12	-	91,051.12	73,225.71	-	73,225.71
Total financial liabilities	**371,452.90**	**-**	**371,452.90**	**301,134.69**	**-**	**301,134.69**
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	1,621.96	-	1,621.96
Provisions	47.22	-	47.22	17.19	-	17.19
Deferred tax liabilities (net)	444.41	(444.41)	-	860.55	(860.55)	-
Other non-financial liabilities	1,879.45	7,973.37	9,852.82	1,935.32	7,141.03	9,076.35
Total non-financial liabilities	**2,371.08**	**7,528.96**	**9,900.04**	**4,435.02**	**6,280.48**	**10,715.50**
Total liabilities	**373,823.98**	**7,528.96**	**381,352.94**	**305,569.71**	**6,280.48**	**311,850.19**
Equity share capital	5,466.20	-	5,466.20	5,466.20	-	5,466.20
Other equity	99,131.64	(5,889.67)	93,241.97	86,088.59	(4,633.32)	81,455.27
Equity attributable to the owners of the Holding Company	**104,597.84**	**(5,889.67)**	**98,708.17**	**91,554.79**	**(4,633.32)**	**86,921.47**
Non-controlling interest	1,989.15	(73.43)	1,915.72	1,877.32	(12.33)	1,864.99
Total equity	**106,586.99**	**(5,963.10)**	**100,623.89**	**93,432.11**	**(4,645.65)**	**88,786.46**
Total liabilities and equity	**480,410.97**	**1,565.86**	**481,976.83**	**399,001.82**	**1,634.83**	**400,636.65**

* The corresponding originally presented figures have been reclassified to conform with restated figures.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

(₹ In Lakhs)

Standalone statement of profit and loss		Year ended 31 March 2020		
		As originally presented*	Adjustment	Restated
I.	**Revenue from operations**			
	Interest income	59,282.81	-	59,282.81
	Gain on assignment of financial assets	10,930.43	(832.35)	10,098.08
	Fees and commission income	1,584.52	-	1,584.52
	Total revenue from operations	**71,797.76**	**(832.35)**	**70,965.41**
	Other income	35.91	-	35.91
	Total income	**71,833.67**	**(832.35)**	**71,001.32**
II.	**Expenses**			
	Finance costs	29,629.80	-	29,629.80
	Fees and commission expense	601.88	-	601.88
	Impairment on financial assets	8,466.18	-	8,466.18
	Employee benefits expenses	5,869.00	-	5,869.00
	Depreciation and amortization	285.05	-	285.05
	Others expenses	3,121.57	-	3,121.57
	Total expenses	**47,973.48**	**-**	**47,973.48**
	Profit before exceptional items and tax (I - II)	**23,860.19**	**(832.35)**	**23,027.84**
	Exceptional items		-	-
III.	**Profit before tax**	**23,860.19**	**(832.35)**	**23,027.84**
IV.	**Tax expense:**			
	Current tax	6,391.18	-	6,391.18
	Short / (excess) provision for tax relating to prior years	(95.99)	-	(95.99)
	Net current tax expense	**6,295.19**	**-**	**6,295.19**
	Deferred tax (credit) / charge	(561.14)	485.11	(76.03)
	Net tax expense	**5,734.05**	**485.11**	**6,219.16**
V.	**Profit for the year (III - IV)**	**18,126.14**	**(1,317.46)**	**16,808.68**
VI.	**Other comprehensive income**			
	(A) Items that will not be reclassified to profit or loss:			
	Remeasurement of the defined benefit liabilities	(33.82)	-	(33.82)
	Income tax impact on above	8.51	-	8.51
	Total (A)	**(25.31)**	**-**	**(25.31)**
	(B) Items that will be reclassified to profit or loss:			
	Loans and advances through other comprehensive Income	665.35	-	665.35
	Income tax impact on above	(167.47)	-	(167.47)
	Total (B)	**497.88**	**-**	**497.88**
	Other comprehensive income (A+B)	**472.57**	**-**	**472.57**
VII.	**Total comprehensive income for the year (V + VI)**	**18,598.71**	**(1,317.46)**	**17,281.25**
VIII.	**Profit for the year attributable to**			
	Owners of the Holding Company	17,995.76	(1,256.36)	16,739.40
	Non-controlling interest	130.38	(61.10)	69.28
IX.	**Other comprehensive income attributable to**			
	Owners of the Holding Company	471.63	-	471.63
	Non-controlling interest	0.94	-	0.94
X.	**Total comprehensive income attributable to**			
	Owners of the Holding Company	18,467.39	(1,256.36)	17,211.03
	Non-controlling interest	131.32	(61.10)	70.22
XI	**Earnings per equity share (of ₹ 10 each):**			
	Basic (₹)	32.92	(2.30)	30.62
	Diluted (₹)	32.92	(2.30)	30.62

* The corresponding originally presented figures have been reclassified to conform with restated figures.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

31. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ In Lakhs)

		As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
(A)	Commitments			
	I) Loan commitments for sanctioned but not disbursed amount	557.85	798.84	4857.95

The Group's pending litigations comprise of proceedings pending with Income Tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

32. CORPORATE SOCIAL RESPONSIBILITY ("CSR") EXPENSES:

The average profit before tax of the Holding Company for the last three financial years was ₹ 20,882.02 lakhs, basis which the Holding Company was required to spend ₹ 417.64 lakhs towards CSR activities for the current financial year (31 March 2020: ₹ 330.04 lakhs).

a) Amount spent during the year on:

Particulars	As at 31 March 2021			As at 31 March 2020		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purpose other than (i) above	33.43	384.21	417.64	53.91	-	53.91

b) The Group has not made any transaction with related parties in relation to CSR expenditure as per Ind AS 24.

c) In case of Section 135(6): Details of ongoing projects

Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Holding Company	In Separate CSR Unspent A/c		From Holding Company's bank A/c	From Separate CSR Unspent A/c	With Holding Company	In Separate CSR Unspent A/c
Nil	N.A.	417.64	33.43	-	384.21	-

Note: Closing balance of ₹ 384.21 lakhs available with the Holding Company shall be transferred to an unspent CSR account by end of 30 April 2021.

33. SEGMENT REPORTING:

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker (""CODM"") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group is engaged primarily on the business of 'Financing' only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Group are in India. All non-current assets of the Group are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – 'Operating Segments'.

34. RELATED PARTY DISCLOSURES:

(a) Related party disclosures as required by Ind AS 24 - 'Related Party Disclosures'.

List of related parties and relationships:

Sr. No.	Nature of relationship	
1	Key management personnel ("KMP")	Mr. Kamlesh C. Gandhi (Chairman and managing director)
	(where there are transactions)	Mr. Mukesh C. Gandhi (Whole time director and chief financial officer) (till 19 January 2021)
		Mrs. Darshana S. Pandya (Director and chief executive officer)
		Mr. Bala Bhaskaran (Independent director)
		Mr. Umesh Shah (Independent director)

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Sr. No.	Nature of relationship	
		Mr. Chetanbhai Shah (Independent director)
		Mrs. Daksha Shah (Independent director)
2	Other related parties	Prarthna Marketing Private Limited
	(where there are transactions)	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 2021		
	Key management personnel	Other related parties	Total
Remuneration (including bonus)	39.56	64.70	104.26
Dividend paid	3.13	0.98	4.11
Sitting fees	10.70	-	10.70

(₹ 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

Balances outstanding from related parties are as follows:

(₹ In Lakhs)

	As at 31 March 2021		
	Key management personnel	Other related parties	Total
Loans and advances given	18.11	-	18.11
Bonus payable	1.20	1.92	3.12

(₹ 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 01 April 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.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Transactions with key management personnel are as follows:

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Post-employment benefits	2.68	2.48
Other long term employment benefits	0.38	-
	3.06	**2.48**

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

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

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

(₹ In Lakhs)

Sr. No.	Name	As at 31 March 2021	Maximum balance outstanding during the year ended 31 March 2021	As at 31 March 2020	Maximum balance outstanding during the year ended 31 March 2020	As at 01 April 2019
1	M Power Micro Finance Private Limited	-	1,305.11	1,300.00	1,300.00	500.00

* The director interested in M Power Micro Finance Private Limited redeemed his holding on 23 October 2020 and hence, the disclosures made are of maximum balance outstanding up to that date.

35. Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act for the Group has been given below.

(₹ In Lakhs)

	As at 31 March 2021	As at 31 March 2020	As at 01 April 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.	-	-	-

36. 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 2021 and 31 March 2020. The column 'net amount' shows the impact of Group's balance sheet if all the set-off rights were exercised.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

(₹ In Lakhs)

	Effect of offsetting on the balance sheet			Related amount not offset		
	Gross amounts	Gross amount off set in balance sheet (refer note 1)	Net amount presented in balance sheet	Advances received against loan agreements (refer note 1)	Financial instrument collateral (refer note 2)	Net amount
31 March 2021						
Loans and advances	**409,304.28**	**2,973.33**	**406,330.95**	**12.87**	**32,027.41**	**374,290.67**
31 March 2020						
Loans and advances	363,608.10	3,421.35	360,186.75	10,034.11	49,916.12	300,236.52
1 April 2019						
Loans and advances	363,024.72	1,764.03	361,260.69	62.44	51,044.56	310,153.69

Note:

1. ₹ 2,986.20 lakhs (31 March 2020: ₹ 13455.46 lakhs, As at 01 April 2019: ₹ 1,826.47 lakhs) represents advances received against loan agreements.

2. ₹ 32,027.41 lakhs (31 March 2020: ₹ 49,916.12 lakhs, As at 01 April 2019: ₹ 51044.56 lakhs) represents security deposits received from borrowers.

37. 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 2021

Name of entity in the Group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income (OCI)		Share of Total Comprehensive Income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Holding Company								
MAS Financial Services Limited	94.90%	113,916.42	97.52%	14,191.11	96.84%	750.79	97.49%	14,941.90
Subsidiary								
MAS Rural Housing & Mortgage Finance Limited	3.39%	4,071.65	1.68%	244.90	1.89%	14.62	1.69%	259.52
Non-controlling interest	1.71%	2,046.76	0.80%	116.42	1.27%	9.88	0.82%	126.30
Total	**100.00%**	**120,034.83**	**100.00%**	**14,552.43**	**100.00%**	**775.29**	**100.00%**	**15,327.72**

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	94.26%	94,843.82	98.60%	16,572.45	99.51%	470.24	98.62%	17,042.69
Subsidiary								
MAS Rural Housing & Mortgage Finance Limited	3.84%	3,864.35	0.99%	166.95	0.29%	1.39	0.97%	168.34
Non-controlling interest	1.90%	1,915.72	0.41%	69.28	0.20%	0.94	0.41%	70.22
Total	**100.00%**	**100,623.89**	**100.00%**	**16,808.68**	**100.00%**	**472.57**	**100.00%**	**17,281.25**

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

As at 01 April 2019

Name of entity in the Group	Net assets, i.e., total assets minus total liabilities	
	As % of consolidated net assets	Amount
Holding Company		
MAS Financial Services Limited	94.79%	84,155.84
Subsidiary		
MAS Rural Housing & Mortgage Finance Limited	3.11%	2,765.63
Non-controlling interest	2.10%	1,864.99
Total	**100.00%**	**88,786.46**

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 2021			As at 31 March 2020			As at 01 April 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	98,711.42	-	98,711.42	104,585.56	-	104,585.56	39,748.53	-	39,748.53
Bank balance other than above	1,082.16	2,137.54	3,219.70	164.31	28.29	192.60	1,280.68	-	1,280.68
Loans	238,091.44	168,239.51	406,330.95	166,196.10	193,990.63	360,186.73	180,999.95	163,536.90	344,536.85
Investments	6,107.16	14,051.22	20,158.38	500.01	(0.01)	500.00	-	-	-
Other financial assets	4,110.99	864.98	4,975.97	6,710.20	1,350.99	8,061.19	6,087.41	1,122.41	7,209.82
Non-financial assets									
Income tax assets (net)	-	592.40	592.40	1.84	221.38	223.22	-	95.16	95.16
Deferred tax Assets (net)	-	2,256.16	2,256.16	-	1,626.01	1,626.01	-	1,704.24	1,704.24
Property, plant and equipment	-	1,144.80	1,144.80	-	1,282.91	1,282.91	-	1,239.67	1,239.67
Capital work-in-progress	-	5,002.73	5,002.73	-	4,821.34	4,821.34	-	4,564.43	4,564.43
Right-of-use asset	48.57	5.25	53.82	101.67	65.98	167.65	-	-	-
Other Intangible assets	-	9.25	9.25	-	11.80	11.80	-	12.01	12.01
Other non-financial assets	507.49	-	507.49	317.82	-	317.82	205.85	39.41	245.26
Total assets	**348,659.23**	**194,303.84**	**542,963.07**	**278,577.51**	**203,399.32**	**481,976.83**	**228,322.42**	**172,314.23**	**400,636.65**
LIABILITIES									
Financial liabilities									
Trade payables	828.77	-	828.77	812.78	-	812.78	600.10	-	600.10
Debt securities	24,976.34	6,435.18	31,411.52	-	-	-	-	-	-
Borrowings (other than debt securities)	214,545.84	99,320.96	313,866.80	182,506.71	91,093.11	273,599.82	158,705.72	62,621.38	221,327.10
Subordinated liabilities	1,996.55	4,000.00	5,996.55	-	5,989.18	5,989.18	-	5,981.78	5,981.78
Other financial liabilities	49,423.84	14,043.56	63,467.40	60,719.58	30,331.54	91,051.12	34,601.69	38,624.02	73,225.71
Non-financial liabilities									
Current tax liabilities (net)	1,214.93	-	1,214.93	-	-	-	1,621.96	-	1,621.96
Provisions	0.59	396.38	396.97	1.57	45.65	47.22	17.19	-	17.19
Deferred tax liabilities (net)	-	-	-	-	-	-	-	-	-
Other non-financial liabilities	4,528.29	1,217.01	5,745.30	7,915.65	1,937.17	9,852.82	6,895.58	2,180.77	9,076.35
Total liability	**297,515.15**	**125,413.09**	**422,928.24**	**251,956.29**	**129,396.65**	**381,352.94**	**202,442.24**	**109,407.95**	**311,850.19**
Net	**51,144.08**	**68,890.75**	**120,034.83**	**26,621.22**	**74,002.67**	**100,623.89**	**25,880.18**	**62,906.28**	**88,786.46**

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

39. 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 ₹ 151.32 lakhs (31 March 2020: ₹ 177.51 lakhs) and employee state insurance scheme aggregating ₹ 17.81 lakhs (31 March 2020: ₹ 27.72 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.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Group, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

The status of gratuity plan as required under Ind AS-19 is as under:

(₹ In Lakhs)

		As at 31 March 2021	As at 31 March 2020
i.	**Reconciliation of opening and closing balances of defined benefit obligation**		
	Present value of defined benefit obligations at the beginning of the year	315.96	228.26
	Current service cost	57.46	47.07
	Interest cost	21.28	17.11
	Benefit paid	(9.67)	(5.20)
	Re-measurement (or Actuarial) (gain) / loss arising from:		
	Change in demographic assumptions	(7.07)	0.93
	Change in financial assumptions	-	30.20
	Experience variance (i.e. Actual experience vs assumptions)	(72.62)	(2.41)
	Present value of defined benefit obligations at the end of the year	**305.34**	**315.96**
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	271.59	249.37
	Interest income	20.62	20.51
	Return on plan assets excluding amounts included in interest income	(4.48)	(5.10)
	Assets distributed on settlements	-	-
	Contributions by employer	26.97	12.01
	Assets acquired in an amalgamation in the nature of purchase	-	-
	Exchange differences on foreign plans	-	-
	Benefits paid	(9.67)	(5.20)
	Fair value of plan assets at the end of the year	**305.03**	**271.59**
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	305.34	315.96
	Fair value of plan assets at the end of the year	305.03	271.59
	Net asset / (liability) recognized in balance sheet as at the end of the year	**(0.31)**	**(44.37)**

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)

	31 March 2021*	31 March 2020
State government security	-	56%
NCD / Bonds	-	21%
Central Government security	-	19%
CBLO, bank balance, etc.	-	0%
Equity	-	4%
Other approved security	-	0%
Total	**-**	**100%**

* The exposure of investments made in respective securities as at 31 March 2021 is not shared by LIC due to change in their policy, hence the Group is unable to disclose the same.

(₹ In Lakhs)

		Year ended 31 March 2021	Year ended 31 March 2020
v.	**Expense recognised during the Year**		
	Current service cost	57.46	47.07
	Interest cost	0.66	(3.40)
	Past service cost	-	-
	Expenses recognised in the statement of profit and loss	**58.12**	**43.67**

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

(₹ In Lakhs)

		Year ended 31 March 2021	Year ended 31 March 2020
vi.	**Other comprehensive income**		
	Components of actuarial gain/losses on obligations:		
	Due to change in financial assumptions	-	30.20
	Due to change in demographic assumption	(7.07)	0.93
	Due to experience adjustments	(72.62)	(2.41)
	Return on plan assets excluding amounts included in interest income	4.48	5.10
	Components of defined benefit costs recognised in other comprehensive income	**(75.21)**	**33.82**

(₹ In Lakhs)

		As at 31 March 2021	As at 31 March 2020
vii.	**Principal actuarial assumptions**		
	Discount rate (per annum)	6.85%	6.85%
	Rate of return on plan assets (p.a.)	6.85%	6.85%
	Annual increase in salary cost	8.00%	8.00%
	Withdrawal rates per annum		
	25 and below	10.00%	5.00%
	26 to 35	8.00%	4.50%
	36 to 45	6.00%	3.50%
	46 to 55	4.00%	2.50%
	56 and above	2.00%	2.00%

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

viii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting year, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Defined benefit obligation (base)	305.34	315.96

(₹ In Lakhs)

	Year ended 31 March 2021		Year ended 31 March 2020	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	322.94	289.12	336.70	296.99
(% change compared to base due to sensitivity	5.76%	-5.31%	6.56%	-6.00%
Salary Growth Rate (- / + 0.5%)	291.64	319.83	300.46	332.27
(% change compared to base due to sensitivity)	-4.49%	4.75%	-4.91%	5.16%
Withdrawal Rate (W.R.) (W.R. x 90% / W.R. x 110%)	306.70	304.04	316.68	315.23
(% change compared to base due to sensitivity)	0.45%	-0.43%	0.23%	-0.23%

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (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 Company'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 11.31 to 11.88 years.

	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1st Following Year	15.93	2.00%
2nd Following year	16.05	1.85%
3rd Following Year	17.58	2.10%
4th Following Year	18.28	2.30%
5th Following Year	19.56	2.40%
Sum of years 6 to 10	123.05	13.65%

The future accrual is not considered in arriving at the above cash-flows.

The expected contribution for the next year is ₹ 11.99 lakhs.

(c) Other long term employee benefits

The liability for compensated absences as at the year ended 31 March 2021 is ₹ 7.66 Lakhs and as at year ended 31 March 2020 is ₹ 1.57 lakhs.

40. FINANCIAL INSTRUMENT AND FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

A. Accounting classifications and fair values

The carrying amount and fair value of financial instruments including their levels in the fair value hierarchy presented below:

As at 31 March 2021	Carrying amount			Fair value			
	Amortised Cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Loans	20,259.98	386,070.97	-	-	-	406,361.10	406,361.10
Investments measured at FVTPL	-	-	13,596.87	11,566.97	2,029.90	-	13,596.87
	20,259.98	**386,070.97**	**13,596.87**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	98,711.42	-	-	98,711.41	-	-	98,711.41
Bank balance other than cash and cash equivalents[2]	3,219.70	-	-	3,219.70	-	-	3,219.70
Investment measured at amortised cost	6,561.51	-	-	-	-	-	-
Other financials asset	4,975.97	-	-	-	-	-	-
	113,468.60	**-**	**-**				

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

As at 31 March 2021	Carrying amount			Fair value			
	Amortised Cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value[1]							
Trade payables	828.77	-	-	-	-	828.71	828.71
Debt securities	31,411.52	-	-	-	-	31,520.62	31,520.62
Borrowings (other than debt securities)	313,866.80	-	-	-	-	315,555.98	315,555.98
Subordinated liabilities	5,996.55	-	-	-	-	6,168.36	6,168.36
Other financial liabilities	63,467.40	-	-	-	-	63,467.40	63,467.40
	415,571.04	**-**	**-**				

As at 31 March 2020	Carrying amount			Fair value			
	Amortised Cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Loans	23,672.40	336,514.33	-	-	-	360,414.75	360,414.75
Investments measured at FVTPL	-	-	-	-	-	-	-
	23,672.40	**336,514.33**	**-**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	104,585.56	-	-	104,585.57	-	-	104,585.57
Bank balance other than cash and cash equivalents	192.60	-	-	192.60	-	-	192.60
Investment measured at amortised cost	500.00	-	-	-	-	500.00	500.00
Other financials asset	8,061.19	-	-	-	-	8,057.32	8,057.32
	113,339.35	**-**	**-**				
Financial liabilities not measured at fair value[1]							
Trade payables	812.78	-	-	-	-	812.78	812.78
Borrowings (other than debt securities)	273,599.82	-	-	-	-	275,090.95	275,090.95
Subordinated liabilities	5,989.18	-	-	-	-	6,248.02	6,248.02
Other financial liabilities	91,051.12	-	-	-	-	91,051.11	91,051.11
	371,452.90	**-**	**-**				

As at 01 April 2019	Carrying amount			Fair value			
	Amortised Cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Investments measured at FVTPL							
Loans	26,471.51	318,065.34	-	-	-	361,556.34	361,556.34
Investments measured at FVTPL	-	-	-	-	-	-	-
	26,471.51	**318,065.34**	**-**				
Financial assets not measured at fair value[1]							
Cash and cash equivalents	39,748.53	-	-	39,748.54	-	-	39,748.54
Bank balance other than cash and cash equivalents	1,280.68	-	-	1,280.68	-	-	1,280.68
Investment measured at amortised cost	-	-	-	-	-	-	-
Other financials asset	7,209.82	-	-	-	-	7,202.37	7,202.37
	48,239.03	**-**	**-**				
Financial liabilities not measured at fair value[1]							
Trade payables	600.10	-	-	-	-	799.80	799.80
Debt securities				-	-	-	-
Borrowings (other than debt securities)	221,327.10	-	-	-	-	278,286.47	278,286.47
Subordinated liabilities	5,981.78	-	-	-	-	6,248.02	6,248.02
Other financial liabilities	73,225.71	-	-	-	-	91,500.25	91,500.25
	301,134.69	**-**	**-**				

[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.

[2]Bank balance with residual maturity of more than 12 months have been placed towards the end of the year whose interest rate approximate the applicable on 31 March 2021. Hence the fair value has been determined to be equal to carrying amount.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Reconciliation of level 3 fair value measurement is as follows:

(₹ In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
i) Loans		
Balance at the beginning of the year	344,239.88	325,159.32
Addition during the year	254,996.91	243,678.11
Amount derecognised / repaid during the year	(206,374.59)	(217,989.13)
Amount written off	(3,420.66)	(7,273.77)
Gains/(losses) recognised in other comprehensive income	960.32	665.35
Balance at the end of the year	390,401.86	344,239.88

Sensitivity analysis to fair value

	Amount, net of tax	
	Increase	Decrease
31 March 2021		
Loans		
Interest rates (1% movement)	**(341.66)**	**405.36**
31 March 2020		
Loans		
Interest rates (1% movement)	(212.94)	228.22
1 April 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 1 and 2

There has been no transfer in between level 1 and level 2.

iii) Valuation techniques

Loans

The Group has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year which is an unobservable input and therefore these has been considered to be fair valued using level 3 inputs.

Investments measured at FVTPL

Fair values of market linked debentures have been determined under level 1 using quoted market prices of the underlying instruments. Fair value of investment in alternate investment funds have been determined under level 2 using observable input.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

41. 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.

41.1 CAPITAL MANAGEMENT

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

42. 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.

42.1 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 Group has established a credit policy under which each new customer is analysed individually for creditworthiness before sanctioning any loan. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, the loan-to-value ratio etc.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

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 2021	As at 31 March 2020	As at 01 April 2019
Retail assets	185,871.75	160,091.38	167,987.81
Two wheeler loans	19,548.15	17,312.01	20,368.26
Micro enterprise loans	88,992.95	79,981.58	82,348.26
Salaried personal loans	9,243.88	10,745.08	7,946.99
Small and medium enterprise loans	42,146.37	29,039.67	34,965.24
Commercial vehicle loans	4,146.64	3,764.03	5,547.86
Housing & non-housing loans	21,793.76	19,249.01	16,811.20
Loans to NBFC	223,097.68	204,774.31	177,358.04
Construction finance	2,311.45	3,604.96	6,456.96
Total	**411,280.88**	**368,470.65**	**351,802.81**

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

(i) Staging:

As per the provision of Ind AS 109, all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, the Group assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. The Group has staged the assets based on the days past due criteria and other market factors which significantly impacts the portfolio.

Group's internal credit rating grades and staging criteria for loans are as follows:

Days past dues status	Stage	Internal grades	Provisions
Current	Stage 1	High Quality assets, negligible credit risk	12 Months Provision
1-30 Days	Stage 1	High Quality assets, negligible credit risk	12 Months Provision
31-60 Days	Stage 2	Quality assets, low credit risk	Lifetime Provision
61-90 Days	Stage 2	Standard assets, moderate credit risk	Lifetime Provision
91-180 Days	Stage 3	Sub-standard assets, relatively high credit risk	Lifetime Provision
>180 Days	Stage 3	Low quality assets, very high credit risk	Lifetime Provision

(ii) Grouping:

As per Ind AS 109, the Group is required to group the portfolio based on the shared risk characteristics. The Group has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

a. Two wheeler loans

b. Micro enterprise loans

c. Salaried personal loans

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

d. Small and medium enterprise loans

e. Commercial vehicle loans

f. Retail asset channel loans

g. Housing & non-housing loans

i. Construction finance

(iii) ECL:

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Probability of default ("PD")

b. Loss given default ("LGD")

c. Exposure at default ("EAD")

d. Discount factor ("D")

For RAC & HFC loan portfolio, the Group has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Group consists of various parameters based on which RAC & HFC loan portfolio is evaluated and credit rating is assigned accordingly. The credit rating matrix developed by the Group is validated in accordance with its ECL policy.

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

Probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from internal data calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Group has worked out on PD based on the last five years historical data.

The PDs derived from the vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: upside (11%), downside (21%) and base (68%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Loss given default:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Group has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Analysis of historical credit impaired accounts at cohort level.

2) The computation consists of five components, which are:

   a) Outstanding balance (POS)

   b) Recovery amount (discounted yearly) by effective interest rate.

   c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using effective interest rate.

   d) Collateral (security) amount

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

The formula for the computation is as below:

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

For RAC and HFC loan portfolio, the LGD has been considered based on Basel-II Framework for all the level of credit rating portfolio.

Exposure at default:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. The Group has modelled EAD based on the contractual and behavioural cash flows till the lifetime of the loans considering the expected prepayments and assignments of loans.

The Group has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. The exposure at default is calculated for each product and for various DPD status after considering future expected assignment which is not at risk. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. Further, the stage 3 EAD for the purpose of the ECL computation is considering when loan became Stage 3 for the first time (for retail loans).

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

Conditional RAC ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt)"

For RAC and HFC loan portfolio, the Group has calculated ECL based on borrower wise assessment of internal credit rating as per the framework of the Group, while for retail loan portfolio, the same has been calculated on collective basis.

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:

	As at 31 March 2021	As at 31 March 2020	As at 01 April 2019
Stage 1	1.51%	0.65%	0.35%
Stage 2	19.82%	20.21%	10.81%
Stage 3	38.48%	30.32%	20.70%
Amount of expected credit loss provided for	**10,388.81**	**6,173.44**	**3,724.86**

The loss rates are based on actual credit loss experience over past 5 years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Group's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

(iv) Impact assessment on account of COVID-19

In accordance with the board approved moratorium policy read with the RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Group had granted moratorium up to six months on the payment of installments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Group continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Group's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers, along with the associated impact on the Indian and global economy. The Group has separately incorporated estimates, assumptions and judgements specific to

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Group has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. As at 31 March 2021, the cumulative amount of management overlay provisions stood at ₹ 5,954.19 lakh in the consolidated financial statements, to reflect deterioration in the macroeconomic outlook. The final impact of this pandemic is very uncertain and the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of these financial statements. Management will continue to closely monitor the material changes in the macro-economic factors impacting the operations of the Group.

(v) Modification of financial assets

The Group has modified the terms of certain loans provided to customers in accordance with RBI notification on MSME restructuring dated 6 August 2020. Such restructuring benenfits are provided to distressed customers who are impacted by COVID-19 pandemic.

Such restructuring benefits include extended payment term arrangements, moratorium and changes in interest rates. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer note 3.5). The Group monitors the subsequent performance of modified assets. The gross carrying amount of such assets held as at 31 March 2021 is ₹ 446.20 lakhs. Overall provision for expected credit loss against restructured loan exposure amounts to ₹ 111.92 lakhs as at 31 March 2021. The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets.

(b) Cash and cash equivalent and bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Group generally invests in term deposits with banks which are subject to an insignificant risk of change in value.

42.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Group is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Group manages its liquidity by unutilised cash credit facility, term loans and direct assignment.

The composition of the Group's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

The total cash credit limit available to the Group is ₹ 171,200.00 lakhs spread across 15 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

Over the years, the Holding Company has maintained around 30% to 35% 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:

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
As at 31 March 2021									
Debt securities	-	-	-	2,250.00	26,110.59	7,629.52	-	-	35,990.11
Borrowings	7,178.50	4,903.99	12,043.67	19,161.21	182,023.80	81,693.09	26,170.67	3,533.76	336,708.69
Subordinated liabilities	-	-	129.64	2,254.11	259.29	4,118.25	-	-	6,761.29
Trade payable	719.31	10.13	9.80	29.41	60.12	-	-	-	828.77
Lease Liability	10.46	6.16	7.44	18.05	19.31	6.62	0.76	-	68.80
Other financial liabilities	29,226.77	1,448.88	2,022.45	4,991.80	11,674.72	12,143.24	1,365.02	528.38	63,401.26

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

	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									
Borrowings	3,919.37	6,106.67	9,203.52	16,172.47	159,427.94	81,243.04	18,183.01	3,862.39	298,118.41
Subordinated liabilities	-	-	129.64	131.07	529.29	6,753.92	-	-	7,543.92
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	31,080.60	844.81	2,109.92	7,251.50	19,321.25	26,644.90	2,992.95	613.75	90,859.68

	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 01 April 2019									
Borrowings	3,129.09	2,474.51	127,099.23	10,741.32	22,678.57	61,322.59	4,498.47	1,415.24	233,359.02
Subordinated liabilities	-	-	129.64	131.07	531.10	2,771.78	4,764.74	-	8,328.33
Trade payable	600.10	-	-	-	-	-	-	-	600.10
Other financial liabilities	20,956.70	599.65	1,690.23	5,617.04	5,738.07	33,355.59	4,744.79	523.64	73,225.71

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment in bank deposits and variable interest rate borrowings and lending.

The sensitivity analysis have been carried out based on the exposure to interest rates for lending and borrowings carried at variable rate and investments made by the Group.

	Year ended 31 March 2021		Year ended 31 March 2020	
Change in interest rates	50 bps increase	50 bps decrease	50 bps increase	50 bps decrease
Investments	11,566.97	11,566.97	-	-
Impact on profit before tax for the year	57.83	(57.83)	-	-
Variable rate lending	247,202.88	247,202.88	227,628.30	227,628.30
Impact on profit before tax for the year	1,230.80	(1,230.80)	1,134.95	(1,134.95)
Variable rate borrowings	288,673.44	288,673.44	257,749.53	257,749.53
Impact on profit before tax for the year	(1,445.18)	1,445.18	(1,302.26)	1,302.26

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.

Notes

Forming part of the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

43. 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 2021	Year ended 31 March 2020
Type of income		
Services charges	1,000.14	1,165.02
Others	1,832.21	437.05
Total revenue from contracts with customers	**2,832.35**	**1,602.07**
Geographical markets		
India	2,832.35	1,602.07
Outside India	-	-
Total revenue from contracts with customers	**2,832.35**	**1,602.07**
Timing of revenue recognition		
Services transferred at a point in time	2,832.35	1,602.07
Services transferred over time	-	-
Total revenue from contracts with customers	**2,832.35**	**1,602.07**

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.

In accordance with RBI Circular no. RB1/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated 7 April 2021 and the methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association dated 19 April 2021, the Group has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the moratorium period, i.e. 1 March 2020 to 31 August 2020. The Group has calculated the said amount and made a provision in the financial statements for the year ended 31 March 2021 considering the same as adjusting event. As on 31 March 2021, the Group holds a specific liability of ₹ 94.54 lakhs which is debited to interest income to meet its obligation towards refund / adjustment of interest on interest to eligible borrowers as prescribed by the RBI.

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)

Ankit Jain
(Chief Financial Officer)

Mumbai
19 May 2021

Ahmedabad
19 May 2021

Notes

The Power of Distribution

MAS Financial Services Limited

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

+ 91 79 4110 6500 mfsl@mas.co.in

www.mas.co.in

Concept, Content & Design WYATT Prism COMMUNICATIONS (info@wyatt.co.in)