

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Serial No.: 1
Date:

**PLACEMENT MEMORANDUM
(FOR PRIVATE PLACEMENT)**

by



MAS FINANCIAL SERVICES LIMITED

A public limited company incorporated under the Companies Act, 1956

Corporate Identification Number (CIN): L65910GJ1995PLC026064	Registered Office: 6 Ground Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road Ahmedabad-09.
Permanent Account Number (PAN): AABCM0640A	Telephone No.: 079-41106500
Date of Incorporation: 25/05/1995	Compliance Officer: Ms. Riddhi Bhayani (available at 079-41106638)
Place of Incorporation: Ahmedabad	Email: Riddhi_Bhayani@mas.co.in
Registration number issued by the Reserve Bank of India: B.01.00241	Website: www.mas.co.in
Corporate Office: 6 Ground Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road Ahmedabad-09.	

Placement Memorandum for issue of Debentures on a private placement basis under Schedule II of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time in relation to the issue of 5000 (Five thousand) rated, listed, subordinated, unsecured, redeemable, taxable, transferable, non-convertible debentures denominated in Indian Rupees ("INR"), having a face value of INR 1,00,000 (Indian Rupees One Lakh) each and an aggregate face value of INR 50,00,00,000 (Indian Rupees Fifty Crore) ("Debentures"/ "NCDs") on a private placement basis (the "Issue"). Certain details of the Debentures are as follows:

- (a) **Rating:** The Debentures are rated as CARE A+; Stable (Single A Plus; Outlook: Stable) by CARE Ratings Limited pursuant to the letter dated February 28, 2023. Please refer Annexure II for the rating rationale and the press release.
- (b) **Listing:** The Debentures are proposed to be listed on the Wholesale Debt Market (WDM) of the BSE Limited within the time period prescribed under the SEBI Listing Timelines Requirements (as defined below).
- (c) **Eligible Investors:** Please refer Section 10.16 of the Placement Memorandum.
- (d) **Coupon related details:** The coupon rate for the Debentures is 10.75% (ten decimal seven five percent) per annum. Please refer Section 8.1 for details about coupon/dividend rate, coupon/dividend payment frequency, redemption date, redemption amount.
- (e) **Underwriting:** The Issue is not underwritten.
- (f) **Electronic Book Provider Platform:** BSE BOND platform of BSE Limited.

Issue Schedule

Issue Opening on: March 24, 2023

Issue Closing on: March 24, 2023

Date of earliest closing of the issue, if any: N.A.

Deemed Date of Allotment: March 27, 2023

The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.



Registrar and Transfer Agent

Link Intime India Pvt. Ltd.

Address: C-101, 1 st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083

Tel: 079 26465179 **Fax:** N.A.

Website: www.linkintime.co.in

Email: chandrashanker.r@linkintime.co.in



CATALYST

Believe in yourself... Trust us!

Debenture Trustee

Catalyst Trusteeship Limited

Address: Windsor, 6th floor, Office No.604, C.S.T Road, Kalina, Santacruz (East), Mumbai 400098

Tel: 022-49220555

Contact Person: Ms. Deesha Trivedi

Email: ComplianceCTL-Mumbai@ctltrustee.com



Rating Agency

CARE Ratings Ltd.

Address: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022.

Tel: 022- 6837 4400

Contact Person: Janki Aswani

Email: janki.aswani@careratings.com

Issuer's Company Secretary & Compliance Officer:

Ms. Riddhi Bhayani

Tel: 079-41106638

Email: riddhi_bhayani@mas.co.in

Issuer's Chief Financial Officer:

Mr. Ankit Jain

Tel: 079-41106682

Email: ankit_jain@mas.co.in

Issuer's Promoter

Please refer Section 3 of the Placement Memorandum

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BACKGROUND

This Placement Memorandum is related to the Debentures to be issued by MAS Financial Services Limited (the "Issuer" or "Company") on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures comprised in the Issue and described under this Placement Memorandum has been authorised by the Issuer through resolutions passed by the shareholders of the Issuer on August 24, 2022 and the Board of Directors of the Issuer on May 04, 2022 read with the resolution dated March 18, 2023 of the finance committee and the Memorandum and Articles of Association of the Company. The present issue of Debentures in terms of this Placement Memorandum is within the overall powers of the Board as per the above shareholder resolution(s).

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Placement Memorandum contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in this Placement Memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this Placement Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading.

DISCLAIMER

- This Placement Memorandum contains no unsubstantiated forward-looking statements. To the extent there are any unsubstantiated forward-looking statements under this Placement Memorandum, such statements shall be considered to be null and void.
- This Issue does not form part of non-equity regulatory capital mentioned under Chapter V of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with clarification provided by the Securities and Exchange Board of India in circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/027 dated February 8, 2023 on "*Clarification w.r.t. issuance and listing of perpetual debt instruments, perpetual non-cumulative preference shares and similar instruments under Chapter V of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021*". The face value of each debt security issued on private placement basis under this Issue is INR 1,00,000 (Indian Rupees One Lakh).

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SECTION 1: DEFINITIONS AND ABBREVIATIONS

Capitalised terms used herein and not defined shall have the meanings given to them in the Transaction Documents. Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Placement Memorandum.

GENERAL DEFINITIONS

Act/Companies Act	means the Companies Act, 2013, and shall include any re-enactment, amendment or modification of the Companies Act, 2013, as in effect from time to time.
Allot/Allotment/Allotted	The allotment of the Debentures pursuant to this Issue.
Applicable Accounting Standards	means the generally accepted accounting principles, standards and practices in India or any other prevailing accounting standard in India as may be applicable, and includes Indian Accounting Standards (IND-AS).
Applicant	means a person who has submitted a completed Application Form to the Issuer, and "Applicants" shall be construed accordingly.
Application Form	means the application form for subscription of the Debentures annexed to this Placement Memorandum and marked as Annexure IV.
Application Money	means the subscription amounts paid by the Debenture Holders at the time of submitting the Application Form.
Beneficial Owners	means the holders of the Debentures in dematerialised form whose names are recorded as such with the Depository(ies) in the Register of Beneficial Owners, and "Beneficial Owner" shall be construed accordingly.
Board / Board of Directors	The Board of Directors of the Issuer.
BSE	means BSE Limited
CDSL	Central Depository Services (India) Limited.
CERSAI	means Central Registry of Securitisation Asset Reconstruction and Security Interest of India.
Company/Issuer/MAS	means MAS Financial Services Limited.
Conditions Precedent	means the conditions precedent set out in Section 8.1 (<i>Summary Terms</i>).
Conditions Subsequent	means the conditions subsequent set out in Section 8.1 (<i>Summary Terms</i>).
Crore / Cr. / Crs.	Ten Million
Debentures/NCDs	means 5,000 (Five thousand) rated, listed, subordinated, unsecured, redeemable, taxable, transferable, non-convertible debentures denominated in INR, having a face value of INR 1,00,000 (Indian Rupees One Lakh) each and an aggregate face value of INR 50,00,00,000 (Indian Rupees Fifty Crore)
Debenture Trustee Agreement	means the agreement executed / to be executed by and between the Debenture Trustee and the Issuer <i>inter alia</i> for the purposes of appointment of the Debenture Trustee to act as debenture trustee in connection with the issuance of the Debentures.
Debenture Trustees Regulations/SEBI Debenture Trustees Regulations	means the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, modified, amended, supplemented or restated from time to time.
Debenture Trust Deed/DTD	means the debenture trust deed executed / to be executed by and between the Debenture Trustee and the Company <i>inter alia</i> recording the terms and conditions upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer.
Debt Disclosure Documents	means, collectively, the PPOA and this Placement Memorandum, and "Debt Disclosure Document" means any one of them.

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Demat	means the dematerialized securities which are securities that are in electronic form, and not in physical form, with the entries noted by the Depository.
Depositories Act	means the Depositories Act, 1996, as amended from time to time.
Depositories	means the depositories with whom the Company has made arrangements for dematerialising the Debentures, being NSDL and CDSL, and "Depository" shall mean any one of them.
Depository Participant / DP	A depository participant as defined under the Depositories Act
Director(s)	means the director(s) of the Issuer.
DP ID	Depository Participant Identification Number.
DRR	has the meaning given to it in Section 6.28 (<i>Other details</i>) of this Placement Memorandum.
Effective Date	means the date of execution of the DTD.
EFT	Electronic Fund Transfer
Eligible Investors	has the meaning given to it in Section 10.16 below.
IND AS	means the Indian Accounting Standards.
ISIN	International Securities Identification Number
Issue	means this issue of the Debentures on a private placement basis pursuant to this Placement Memorandum.
Issue Closing Date	means March 24, 2023.
Issue Opening Date	means March 24, 2023.
Listed NCDs Operational Circular	means the circular issued by SEBI bearing the reference number SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 on " <i>Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper</i> ", as amended, modified, or restated from time to time.
Listing Period	has the meaning given to it under Section 8.1 (<i>Summary Terms</i>) below.
LODR Regulations/SEBI LODR Regulations	means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, modified, supplemented, or restated from time to time.
NBFC Directions	means the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 and/or the Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 as may be applicable read with the RBI's circular no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on " <i>Implementation of Indian Accounting Standards</i> ", and the RBI's circular no. DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021 on " <i>Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications</i> ", each as amended, modified, supplemented or restated from time to time.
N.A.	Not Applicable
NBFC	Non-banking financial company
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
Placement Memorandum/ PM/ Offer Document	means this placement memorandum issued by the Issuer in respect of the Debentures proposed to be issued.
Private Placement Offer cum Application Letter(s)/PPOA	means the private placement offer cum application letter(s) prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, issued by the Issuer in respect of the Debentures.

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Rating	means the credit rating for the Debentures from the Rating Agency, which has affirmed a rating of CARE A+; Stable (Single A Plus; Stable) to the Issue through its letter dated February 28, 2023.
Rating Agency	means CARE Ratings Limited.
RBI	means the Reserve Bank of India.
Record Date	The date which will be used for determining the Debenture Holders who shall be entitled to receive the amounts due on any Due Date, which shall be the date falling 15 (fifteen) calendar days prior to any Due Date.
Recovery Expense Fund	means the recovery expense fund established/to be established and maintained by the Issuer in accordance with the provisions of the SEBI Recovery Expense Fund Circular.
Register of Beneficial Owners	means the register of beneficial owners of the Debentures maintained in the records of the Depositories.
Register of Debenture Holders	means the register maintained by the Issuer in accordance with Section 88 of the Companies Act.
R&T Agent/Registrar	means the registrar and transfer agent appointed for the issue of Debentures, being Link Intime India Private Limited.
ROC	means the jurisdictional registrar of companies.
Rs. / INR	Indian National Rupees.
RTGS	Real Time Gross Settlement.
SEBI	means the Securities and Exchange Board of India.
SEBI Debt Listing Regulations/Debt Listing Regulations	means the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with the SEBI's circular bearing the reference number SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/027 dated February 8, 2023 on " <i>Clarification w.r.t. issuance and listing of perpetual debt instruments, perpetual non-cumulative preference shares and similar instruments under Chapter V of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021</i> ", each as amended, modified, supplemented or restated from time to time.
SEBI Defaults (Procedure) Circular	means the SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/203 dated October 13, 2020 on " <i>Standardisation of procedure to be followed by Debenture Trustee(s) in case of 'Default' by Issuers of listed debt securities</i> " as amended, modified, supplemented, or restated from time to time.
SEBI DLT Monitoring Circular	means, to the extent applicable, the SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2022/3 dated March 29, 2022 on " <i>Operational guidelines for 'Security and Covenant Monitoring' using Distributed Ledger Technology (DLT)</i> " read with the SEBI circular bearing reference number SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2021/618 dated August 13, 2021 on " <i>Security and Covenant Monitoring' using Distributed Ledger Technology</i> ", the SEBI circular bearing reference number SEBI/HO/DDHS/RACPOD1/CIR/P/2022/136 dated October 3, 2022 on " <i>Extension of timeline for entering the details of the existing outstanding non-convertible securities in the 'Security and Covenant Monitoring' system hosted by Depositories</i> " and the SEBI circular bearing reference number SEBI/HO/DDHS/RACPOD1/CIR/P/2023/003 dated January 5, 2023 on " <i>Extension of timelines for entering and verification of the details of the existing outstanding non-convertible securities in the 'Security and Covenant Monitoring' system hosted by Depositories</i> ", each as amended, modified, supplemented or restated from time to time.
SEBI Due Diligence Circulars	means, to the extent applicable, the SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 3,

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	2020 on " <i>Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)</i> " read with the SEBI circular bearing reference number SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/106 dated August 4, 2022 on " <i>Enhanced guidelines for debenture trustees and listed issuer companies on security creation and initial due diligence</i> ", each as amended, modified, supplemented or restated from time to time.
SEBI EBP Requirements/EBP Requirements	means the requirements with respect to electronic book mechanism prescribed in Chapter VI (<i>Electronic Book Provider platform</i>) of the Listed NCDs Operational Circular, and the operational guidelines issued by the relevant electronic book provider, as may be restated, amended, modified or updated from time to time.
SEBI Listed Debentures Circulars	means, collectively, the SEBI Defaults (Procedure) Circular, the SEBI Due Diligence Circulars, the SEBI DLT Monitoring Circular, the SEBI Monitoring Circulars, the SEBI Recovery Expense Fund Circular, the Listed NCDs Operational Circular, the SEBI Debt Listing Regulations and the LODR Regulations (to the extent applicable).
SEBI Listing Timelines Requirements	means the requirements in respect of the timelines for listing of debt securities issued on a private placement basis prescribed in Chapter VII (<i>Standardization of timelines for listing of securities issued on a private placement basis</i>) of the Listed NCDs Operational Circular read with, to the extent applicable, the SEBI EBP Requirements.
SEBI Monitoring Circulars	means, to the extent applicable, the SEBI's circular bearing reference number SEBI/ HO/MIRSD/CRADT/CIR/P/2020/23 dated November 12, 2020 on " <i>Monitoring and Disclosures by Debenture Trustee(s)</i> " read with SEBI's circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2022/67 dated May 19, 2022 on " <i>Revised format of security cover certificate, monitoring and revision in timelines</i> " and SEBI's circular bearing reference no. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/106 dated August 4, 2022 on " <i>Enhanced guidelines for debenture trustees and listed issuer companies on security creation and initial due diligence</i> ", each as amended, modified, supplemented or restated from time to time.
SEBI Recovery Expense Fund Circular	means the SEBI circular bearing reference number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 on " <i>Contribution by Issuers of listed or proposed to be listed debt securities towards creation of "Recovery Expense Fund"</i> ", as amended, modified, supplemented or restated from time to time.
Stressed Assets Framework	means the RBI's circular no. DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019 on " <i>Prudential Framework for Resolution of Stressed Assets</i> ", as may be amended, modified, supplemented or restated from time to time.
Tax	means any present or future tax, levy, duty, charge, fees, deductions, withholdings, surcharges, cess, turnover tax, transaction tax, stamp tax or other charge of a similar nature (including any penalty or interest payable on account of any failure to pay or delay in paying the same), now or hereafter imposed under Applicable Law or by any Governmental Authority.
Tax Deduction	means a deduction or withholding for or on account of Tax from a payment under a Transaction Document pursuant to Applicable Law.
TDS	Tax Deducted at Source.
Transaction Documents	means: (a) the DTD; (b) the Debenture Trustee Agreement; (c) the Debt Disclosure Documents; (d) the letters issued by the, and each memorandum of

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	understanding/agreement entered into with, the Rating Agency, the Debenture Trustee and/or the Registrar; (e) each tripartite agreement between the Issuer, the Registrar and the relevant Depository; and (f) any other document that may be designated as a Transaction Document by the Debenture Trustee or the Debenture Holders, and "Transaction Document" means any of them.
WDM	Wholesale Debt Market
Wilful Defaulter	means an issuer who is categorized as a wilful defaulter by any Bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorized as such.

TRANSACTION SPECIFIC DEFINITIONS

Applicable Law	means all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or re-enactments thereof.
Assets	means, for any date of determination, the assets of the Issuer on such date as the same would be determined in accordance with the Applicable Accounting Standards.
Business Day	means: (a) subject to (b) and (c) below, means any day on which commercial banks in Ahmedabad, India are open for business; (b) for the period commencing on the Issue Opening Date until the Issue Closing Date, any day (other than a Saturday, Sunday or a public holiday under Section 25 of the Negotiable Instruments Act, 1881), on which commercial banks in Ahmedabad, India are open for business; and (c) for the period commencing on the Issue Closing Date until the listing of the Debentures in accordance with the DTD, any trading day of BSE, other than a Saturday, Sunday or a bank holiday, as specified by SEBI, and "Business Days" shall be construed accordingly.
Capital Adequacy Ratio	means the capital adequacy ratio determined in accordance with the circulars/directions prescribed by the RBI (including the NBFC Directions).
Client Loan	means each loan disbursed by the Issuer as a lender, and "Client Loans" shall be construed accordingly.
Constitutional Documents	means the certificate of incorporation of the Issuer, the memorandum of association and articles of association of the Issuer and the certificate of registration issued by the RBI to the Issuer.
Debenture Holders/Investors	each person who is: (a) registered as a Beneficial Owner; and (b) registered as a debenture holder in the Register of Debenture Holders. Sub-paragraphs (a) and (b) shall be deemed to include transferees of the Debentures registered with the Issuer and the Depository from time to time, and in the event of any inconsistency between sub-paragraphs (a) and (b) above, sub-paragraphs (a) shall prevail, and "Debenture Holder" or "Investor" shall be construed accordingly.
Debenture Trustee/Trustee	Catalyst Trusteeship Limited
Deemed Date of Allotment	means March 27, 2023.

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Due Dates	means, collectively, each Interest Payment Date, the Final Redemption Date, and all other dates on which any interest, additional interest, or liquidated damages and/or any other amounts, are due and payable, and "Due Date" shall be construed accordingly.
EBP Platform	has the meaning given to it under the EBP Requirements.
Electronic Book Provider / EBP	has the meaning given to it under the EBP Requirements.
Equity	means the aggregate of (a) the issued and paid up equity shares of the Issuer, (b) all compulsorily convertible instruments and preference share capital of the Issuer, (c) all reserves (and other surplus) of the Issuer (excluding revaluation reserves and pertaining to instruments which are not equity shares or compulsorily convertible instruments), as per the latest audited financials of the Issuer, and (d) subordinated debt of the Issuer in the form of Tier II Capital (to the extent such capital is eligible for inclusion in Tier II Capital (i.e., subject to discounting as provided in the NBFC Directions)), as on the Quarterly Date occurring immediately prior to the date of determination.
Events of Default	means the events of default set out in Section 8.2.6.2 (<i>Events of Default</i>), and "Event of Default" means any one of them.
Final Redemption Date	means October 10, 2028 (being the date occurring on the expiry of 67 (sixty seven) months from the Deemed Date of Allotment), or such other earlier date, subject to Applicable Law and the prior approval of the RBI (if so required), on which the Debentures are required to be redeemed pursuant to the Transaction Documents.
Final Settlement Date	means the date on which all Obligations have been irrevocably and unconditionally paid and discharged in full to the satisfaction of the Debenture Holders, and all the Debentures have been redeemed by the Issuer in full in accordance with the terms of the Transaction Documents and the Debenture Holders have provided a written confirmation of the same to the Issuer (with a copy marked to the Debenture Trustee) which confirmation shall be provided within 15 (fifteen) calendar days of the Issuer making full repayment/payment of all interest and principal amounts in respect of the Debentures subject to completion of all compliances (including any filings related to any taxes deducted at source) by the Issuer in respect of the redemption of the Debentures.
Financial Indebtedness	means any indebtedness for or in respect of: (a) moneys borrowed; (b) any amount raised by acceptance under any acceptance credit, bill acceptance or bill endorsement facility or dematerialised equivalent; (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, loan stock or any similar instrument; (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Applicable Accounting Standards, be treated as a finance or capital lease; (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (h) shares which are expressed to be redeemable or shares which

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	are the subject of a put option or any form of guarantee; (i) any obligation under any put option in respect of any securities; (j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; (k) any corporate/personal guarantee, a letter of comfort or any other similar contractual comfort issued or incurred in respect of a liability incurred by any other third person; and (l) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (k) above.
Financial Year/ FY	means each period of 12 (twelve) months commencing on April 1 of any calendar year and ending on March 31 of the subsequent calendar year, being the financial year of the Issuer used by it for the purposes of accounting.
Governmental Authority	means any government (central, state or otherwise) or any governmental agency, semi-governmental or judicial or quasi-judicial or administrative entity, department or authority, agency or authority including any stock exchange or any self-regulatory organization, established under any Applicable Law, and "Governmental Authorities" shall be construed accordingly.
Gross Loan Portfolio	means the outstanding principal amount of all Client Loans originated by the Issuer on its own books.
Gross NPA	means the gross "non-performing assets" of the Issuer determined in accordance with the Applicable Accounting Standards and the NBFC Directions.
IBC	means the (Indian) Insolvency and Bankruptcy Code, 2016 and the rules and regulations framed thereunder, as may be amended, modified and supplemented from time to time.
ICCL	means the Indian Clearing Corporation Limited.
Interest Payment Dates	means the dates on which the interest on Debentures will be paid in accordance with the Transaction Documents, and "Interest Payment Date" shall be construed accordingly. The indicative Interest Payment Dates are set out in Annexure VI below.
Interest Rate	means 10.75% (ten decimal seven five percent) per annum.
Majority Debenture Holders	means the Debenture Holders holding an aggregate amount representing not less than 75% (seventy five percent) of the value of the Outstanding Principal Amounts of the Debentures.
Majority Resolution	means a resolution approved by the Majority Debenture Holders.
Management Control	means: (a) the right to appoint majority of the directors; and (b) the right to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.
Material Adverse Effect	means the effect or consequence of an event, circumstance, occurrence or condition (including any change in the credit rating/outlook/opinion in respect of the Debentures, any change in the management of the Issuer, and/or any change in the board of directors of the Issuer) which has caused, or could reasonably be expected to cause, as of any date of determination, a material and adverse effect on: (a) the financial condition, business or operation of the Issuer (which in the opinion of the Debenture Holders) is prejudicial to the ability of the Issuer to perform its obligations under the

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	Transaction Documents; (b) the rights or remedies of the Debenture Holders and/or the Debenture Trustee (acting for the benefit of the Debenture Holders) hereunder or under any other Transaction Document; (c) the ability of the Issuer to perform its obligations under the Transaction Documents; or (d) the legality, validity or enforceability of any of the Transaction Documents (including the ability of any party to enforce any of its remedies thereunder).
Obligations	means all present and future obligations (whether actual or contingent and whether owed jointly or severally or in any capacity whatsoever) at any time due, owing or incurred by the Issuer to the Debenture Trustee and the Debenture Holders in respect of the Debentures including without limitation, the obligation to redeem the Debentures in terms thereof together with interest, default interest/additional interest, if any, accrued thereon, any outstanding remuneration of the Debenture Trustee and all fees, costs, charges and expenses payable to the Debenture Trustee and other amounts payable by the Issuer in respect of the Debentures.
Outstanding Amounts	means, at any date, the Outstanding Principal Amounts together with any interest, additional interest, costs, fees, charges, and other amounts payable by the Issuer in respect of the Debentures.
Outstanding Principal Amounts	means, at any date, the principal amounts outstanding under the Debentures.
Payment Default	means any event, act or condition which, with notice or lapse of time, or both, would constitute an Event of Default under Section 8.2.6.2(a)(i) (<i>Payment Based Defaults</i>).
Promoters	means the persons disclosed as comprising the "Promoters" in the filings made by the Company with BSE as of December 31, 2022.
Promoter Debt	means all existing and future Financial Indebtedness availed by the Issuer from any of its Promoters, the details of which (as on the Deemed Date of Allotment) are set out under the DTD.
Promoter Group	means the persons disclosed as comprising the "Promoters" in the filings made by the Company with BSE as of December 31, 2022.
Purpose	has the meaning given to it in Section 8.1 (<i>Summary Terms</i>).
Quarterly Date	means each of March 31, June 30, September 30 and December 31 of a calendar year, and "Quarterly Dates" shall be construed accordingly.
Rating Covenant Event	means the occurrence of any one or more of the following events: (a) any downgrade in the credit rating of the Issuer or the Rating by any credit rating agency; (b) assignment of long-term credit rating of "A-" or below to the Issuer by any credit rating agency; or (c) any credit rating agency categorises the Issuer as "not cooperating" (or any similar words) in respect of the credit rating of the Issuer and/or the Debentures. PROVIDED THAT the occurrence of a Rating Covenant Event will be determined by the Debenture Holders at their sole discretion. PROVIDED FURTHER THAT where ratings from multiple rating agencies are available, the lowest rating available shall be considered for the purposes determining the occurrence of a Rating Covenant Event.
Tangible Net Worth	means the equity share capital (including compulsorily convertible preference shares) of the Issuer plus all reserves and surplus, as reduced by the intangible assets, deferred tax assets, revaluation reserve, miscellaneous expenses, net of write off and any credit enhancement provided by the Issuer on its managed assets book.
Tier I Capital	has the meaning given to it in the NBFC Directions.

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Tier II Capital	has the meaning given to it in the NBFC Directions.
Total Assets	means, for any date of determination, the total Assets of the Issuer on such date.
Total Debt	means the aggregate of: (a) all long-term borrowings, including the ineligible portion of subordinated debt in form of Tier II Capital (including current maturities) of the Issuer; (b) all short-term borrowings of the Issuer; (c) financial guarantees provided of the Issuer, if any; and (d) letters of comfort/shortfall undertakings provided of the Issuer, if any.
Total Debt to Equity Ratio	means the ratio of the Total Debt of the Issuer to the Equity.

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SECTION 2: NOTICE TO INVESTORS AND DISCLAIMERS

2.1 ISSUER'S DISCLAIMER

This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the WDM segment of the BSE is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Placement Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general.

As per the applicable provisions, it is not necessary for a copy of this Placement Memorandum to be filed or submitted to the SEBI for its review and/or approval. This Placement Memorandum has been prepared in conformity with the SEBI Debt Listing Regulations as amended from time to time and applicable RBI regulations governing private placements of debentures by NBFCs. This Placement Memorandum has been prepared solely to provide general information about the Issuer to Eligible Investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. This Placement Memorandum does not purport to contain all the information that any Eligible Investor may require. Further, this Placement Memorandum has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

Neither this Placement Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Placement Memorandum should not consider such receipt as a recommendation to subscribe to any Debentures. Each potential Investor contemplating subscription to any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyse such investment and the suitability of such investment to such potential Investor's particular circumstances.

The Issuer confirms that, as of the date hereof, this Placement Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Placement Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having being authorized by the Issuer. The Issuer certifies that the disclosures made in this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) are adequate and in conformity with the SEBI Debt Listing Regulations and the Companies (Prospectus and Allotment of Securities) Rules, 2014. Further, the Issuer accepts no responsibility for statements made otherwise than in the Placement Memorandum or any other material issued by or at the instance of the Issuer and anyone placing reliance on any source of information other than this Placement Memorandum would be doing so at its own risk.

This Placement Memorandum, the Private Placement Offer cum Application Letter(s) and the respective contents hereof respectively, are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

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No invitation is being made to any persons other than those to whom Application Forms along with this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) being issued have been sent. Any application by a person to whom the Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) has not been sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Placement Memorandum and/or the Private Placement cum Application Offer Letter(s) shall not reproduce or distribute in whole or in part or make any announcement in public or to a third party regarding the contents hereof without the consent of the Issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue or the amount or terms of any fees payable to the Issuer or any other person in connection with the Issue. This Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Placement Memorandum) without retaining any copies hereof. If any recipient of this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) decides not to participate in the Issue, that recipient must promptly return this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer.

The Issuer does not undertake to update the Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) to reflect subsequent events after the date of Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) nor any sale of Debentures made hereafter shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) in any jurisdiction where such action is required. Persons into whose possession this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) comes are required to inform themselves of, and to observe, any such restrictions. The Placement Memorandum is made available to potential Investors in the Issue on the strict understanding that it is confidential.

2.2 DISCLAIMER CLAUSE OF STOCK EXCHANGES

As required, a copy of this Placement Memorandum has been filed with the BSE in terms of the SEBI Debt Listing Regulations. It is to be distinctly understood that submission of this Placement Memorandum to the BSE should not in any way be deemed or construed to mean that this Placement Memorandum has been reviewed, cleared, or approved by the BSE; nor does the BSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Memorandum, nor does the BSE warrant that the Issuer's Debentures will be listed or will continue to be listed on the BSE; nor does the BSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

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2.3 DISCLAIMER CLAUSE OF RBI

The Issuer is having a valid certificate of registration issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/ discharge of liability by the company.

2.4 DISCLAIMER CLAUSE OF SEBI

As per the provisions of the SEBI Debt Listing Regulations, it is not stipulated that a copy of this Placement Memorandum has to be filed with or submitted to the SEBI for its review / approval. It is to be distinctly understood that this Placement Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI and that this Issue is not recommended or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Placement Memorandum.

2.5 DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is made in India to investors as specified under the paragraph titled "Eligible Investors" of this Placement Memorandum, who shall be/have been identified upfront by the Issuer. This Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals at Ahmedabad, India. This Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

2.6 DISCLAIMER IN RESPECT OF RATING AGENCIES

Ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. The Rating Agency has based its ratings on information obtained from sources believed by it to be accurate and reliable. The Rating Agency does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by the Rating Agency have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

2.7 ISSUE OF DEBENTURES IN DEMATERIALIZED FORM

The Debentures will be issued in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investors with their respective depository participant. The Issuer will make the Allotment to the Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

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SECTION 3: DETAILS OF PROMOTERS OF THE ISSUER

The details of the Promoters of the Issuer are set out below:

1. MR. KAMLESH C. GANDHI



- (a)
- (b) Date of Birth: February 2, 1966
- (c) Age: 57
- (d) Personal Address: 5-A, Kumar Society, Jivraj Park, Vejalpur, Ahmedabad, 380 051, Gujarat, India
- (e) Educational Qualifications: He received the higher secondary school examination certificate from the Gujarat Secondary Education Board, Gandhinagar in 1983.
- (f) Experience in the business or employment: He has over 25 years of experience in the financial services sector.
- (g) Positions/posts held in the past: Not Applicable
- (h) Directorships held:
 - (i) MAS Rural Housing & Mortgage Finance Limited;
 - (ii) Prarthna Marketing Private Limited;
 - (iii) Finance Industry Development Council
 - (iv) Swalamb Mass Financial Services Ltd.
 - (v) MASFin Insurance Broking Private Limited.
- (i) Other ventures of the promoter: Not Applicable
- (j) Special achievements: Not Applicable
- (k) Their business and financial activities: Associated as the Chairman & Managing Director in the Company since inception and also appointed as a Director in FIDC.
- (l) Permanent Accountant Number: ABZPG8902H
- (m) Other details: Not Applicable

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2. LATE SHRI MUKESH C. GANDHI



- a.
- b. Other details: Shri Mukesh C. Gandhi left for his heavenly abode on January 19, 2021.

3. MRS. SHWETA KAMLESH GANDHI



- a)
- b) Date of Birth: February 25, 1971
- c) Age: 52
- d) Personal Address: 5-A, Kumar Society, Jivraj Park, Vejalpur, Ahmedabad, 380 051, Gujarat, India
- e) Educational Qualifications: She has received the secondary school examination certificate from Gujarat Secondary Education Board, Gandhinagar.
- f) Experience in the business or employment: Not Applicable
- g) Positions/posts held in the past: Not Applicable
- h) Directorships held: Not Applicable
- i) Other ventures of the promoter: Not Applicable
- j) Special achievements: Not Applicable
- k) Their business and financial activities: Not Applicable
- l) Permanent Accountant Number: AGSPG8212C
- m) Other details: N. A

4. PRARTHNA MARKETING PRIVATE LIMITED

- a) Date of Incorporation: April 8, 1997
- b) Age: N.A.
- c) Address: 6 Ground Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad, 380 009, Gujarat.

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- d) Educational Qualifications: Not Applicable
- e) Experience in the business or employment: Not Applicable
- f) Positions/posts held in the past: Not Applicable
- g) Directorships held: Not Applicable
- h) Other ventures of the promoter: Not Applicable
- i) Special achievements: Not Applicable
- j) Their business and financial activities: Prarthna Marketing Private Limited ("PMPL") is enabled under its objects to carry on the business of inter alia traders, whole sellers, retailers, importers and exporters of merchandise goods, electrical and electronic goods and also act as service agents for providing after sales services. PMPL is currently not engaged in any business activities.
- k) Permanent Accountant Number: AAACP92O1D
- l) Other details: Not applicable

The Issuer hereby confirms and declares that, to the extent applicable, Permanent Account Number, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Number of the promoters and Permanent Account Number of directors have been submitted to BSE, at the time of filing the draft Placement Memorandum.

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SECTION 4: GENERAL RISKS

GENERAL RISK

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section 4 of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

RISK FACTORS

The following are the risks relating to the Company, the Debentures and the market in general envisaged by the management of the Company. Potential Investors should carefully consider all the risk factors stated in this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) for evaluating the Company and its business and the Debentures before making any investment decision relating to the Debentures. The Company believes that the factors described below represent the principal risks inherent in investing in the Debentures but does not represent that the statements below regarding risks of holding the Debentures are exhaustive. Potential Investors should also read the detailed information set out elsewhere in this Placement Memorandum and/or the Private Placement Offer cum Application Letter(s) and reach their own views prior to making any investment decision.

4.1 REPAYMENT IS SUBJECT TO THE CREDIT RISK OF THE ISSUER.

Potential Investors should be aware that receipt of the principal amount, (i.e. the redemption amount) and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Issuer whereby the Investors may or may not recover all or part of the funds in case of default by the Issuer. Potential Investors assume the risk that the Issuer will not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the Debentures may not be made or may be substantially reduced or delayed.

4.2 RISKS IN RELATION TO THE NON-CONVERTIBLE SECURITIES; THE SECONDARY MARKET FOR DEBENTURES MAY BE ILLIQUID; LIMITED OR SPORADIC TRADING OF NON-CONVERTIBLE SECURITIES OF THE ISSUER ON THE STOCK EXCHANGES.

The Debentures may be very illiquid, and no secondary market may develop in respect thereof. Even if there is a secondary market for the Debentures, it is not likely to provide significant liquidity. Potential Investors may have to hold the Debentures until redemption to realize any value.

4.3 CREDIT RISK & RATING DOWNGRADE RISK; REGULATORY CAPITAL RISK

The Rating Agency has assigned the credit rating to the Debentures. In the event of deterioration in the financial health of the Issuer, there is a possibility that the rating agency may downgrade the rating of the Debentures. In such cases, potential Investors may incur losses on revaluation of their investment or make provisions towards sub-standard/ non-performing investment as per their usual norms.

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4.4 CHANGES IN INTEREST RATES MAY AFFECT THE PRICE OF DEBENTURES.

All securities where a fixed rate of interest is offered, such as this Issue, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the pricing of the Debentures.

4.5 TAX CONSIDERATIONS AND LEGAL CONSIDERATIONS

Special tax considerations and legal considerations may apply to certain types of investors. Potential Investors are urged to consult with their own financial, legal, tax and other advisors to determine any financial, legal, tax and other implications of this investment.

4.6 ACCOUNTING CONSIDERATIONS

Special accounting considerations may apply to certain types of taxpayers. Potential Investors are urged to consult with their own accounting advisors to determine implications of this investment.

4.7 RISKS IN RELATION TO THE SECURITY; SECURITY MAY BE INSUFFICIENT TO REDEEM THE DEBENTURES; RISKS IN RELATION TO MAINTENANCE OF SECURITY COVER OR FULL RECOVERY OF THE SECURITY IN CASE OF ENFORCEMENT

Not applicable. The Debentures are unsecured and subordinated debt instruments.

4.8 MATERIAL CHANGES IN REGULATIONS TO WHICH THE ISSUER IS SUBJECT COULD IMPAIR THE ISSUER'S ABILITY TO MEET PAYMENT OR OTHER OBLIGATIONS.

The Issuer is subject generally to changes in Indian law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Issuer or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

4.9 LEGALITY OF PURCHASE

Potential Investors in the Debentures will be responsible for the lawfulness of the acquisition of the Debentures, whether under the laws of the jurisdiction of their incorporation or the jurisdiction in which they operate or for compliance by that potential Investor with any law, regulation or regulatory policy applicable to it.

4.10 POLITICAL AND ECONOMIC RISK IN INDIA

The Issuer operates only within India and, accordingly, all of its revenues are derived from the domestic market. As a result, it is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. An uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where the Issuer has a relatively higher exposure could adversely impact its performance. Any such slowdown could adversely affect its business, prospects, results of operations and financial condition.

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4.11 RISKS RELATED TO THE BUSINESS OF THE ISSUER

- a) The Issuer's business operations involve transactions with relatively high risk borrowers. Any default from the Issuer's customers could adversely affect the Issuer's business, results of operations and financial condition.**

The Issuer offers a wide range of financial products and services that address the specific financing requirements of low and middle income individuals as well as micro, small, and medium enterprises. Similarly, two-wheeler loans are principally focused on first time users with limited access to capital through formal banking channels. A significant portion of the Issuer's customer base is typically less economically stable than large corporates, and as a result, is usually adversely affected by declining economic conditions. Earning capacity of customers in these segments depends on various macro and micro economic factors that affect them from time to time. The Issuer has a greater risk of loan defaults and losses in the event there are adverse economic conditions which may have a negative effect on the ability of the Issuer's borrowers to make timely payments of their loans.

A significant portion of the Issuer's target customers typically have limited access to credit with limited to no prior credit history. As a result, the Issuer is more vulnerable to customer default risks including delay in repayment of principal or interest on our loans. Although the Issuer has its own customised due diligence and credit analysis procedures, there can be no assurance that the Issuer will be able to ensure a lower delinquency rate. The Issuer's profitability depends on its ability to evaluate the right income levels of its customers, assess the credit risks and to price the loans accordingly. The Issuer's customers may default on their obligations as a result of various factors including bankruptcy, insolvency, lack of liquidity and/or failure of the business or commercial venture in relation to which such borrowings were sanctioned. Certain product segments and micro-enterprise loans in particular, are mostly unsecured and are susceptible to higher levels of credit risks. Additionally, although the Issuer's SME, two-wheeler and Commercial Vehicle segments involve certain collateral, the Issuer may still be exposed to defaults in payment, which the Issuer may not be able to fully recover. If the Issuer's borrowers fail to repay loans in a timely manner or at all, the Issuer's business prospects, financial condition and results of operations will be adversely impacted.

- b) *The Issuer's inability to maintain relationships with our sourcing intermediaries could have an adverse effect on its business, prospects, results of operations and financial condition.***

In addition to the Issuer's sales team, the Issuer has entered into commercial arrangements with a large number of sourcing intermediaries, which include commission based DSAs, as well as revenue sharing arrangements with various dealers and distributors where part of loan default is guaranteed, by the sourcing partner. However, there can be no assurance that the guarantee provided by such sourcing partners would be sufficient to cover the loan defaults. If the Issuer is unable to provide services required by these sourcing intermediaries on a timely basis or offer products that meet the needs of their customers, the number of such arrangements and amount of loans originated by them, could decrease and adversely affect the Issuer's business, prospects, financial condition and results of operations.

These are non-exclusive arrangements and our loan origination is dependent to an extent on continuing such relationships on commercially reasonable terms. There can be no assurance that the Issuer will be successful in maintaining its relationships with these sourcing intermediaries or increasing the number of sourcing intermediaries we work with. These sourcing intermediaries could originate loans for the Issuer's competitors thereby adversely affecting our business prospects. In addition, sourcing intermediaries may not be able to effectively market our loan products, and any misbehaviour or misrepresentation by these sourcing intermediaries to the customers may impair or harm our reputation. If our relationships with these sourcing intermediaries are discontinued or such arrangements are affected or modified, the Issuer's ability

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to originate loans may be affected which may in turn adversely affect its business, prospects, financial condition and results of operations.

- c) *The quality of the Issuer's portfolio may be impacted due to higher levels of NPAs and its business may be adversely affected if the Issuer is unable to provide for such higher levels of NPAs.***

There can be no assurance that the Issuer's future NPA ratios will be consistent with its past experience or at levels that will maintain the Issuer's profitability. Also, there can be no assurance that the Issuer will be able to maintain its NPA ratios at levels with the credit performance of its customers, or at which the Issuer's credit and underwriting analysis, servicing and collection systems and controls will be adequate. The Issuer may not be successful in its efforts to improve collections and/or recover existing NPAs. In addition, the Issuer may experience greater defaults in principal and/or interest repayments in future. Thus, if the Issuer is unable to maintain our level of NPAs, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected.

Moreover, there can also be no assurance that there will be no deterioration in the Issuer's provisioning coverage as a percentage of gross NPAs or otherwise, or that the percentage of NPAs that the Issuer will be able to recover will be similar to its past experience of recoveries of NPAs. In the event of any further deterioration in the Issuer's NPA portfolio, or if the Issuer's provisioning coverage is insufficient to cover its existing or future levels of NPAs, the Issuer's ability to raise additional capital and debt funds as well as its business prospects, financial condition and results of operations could be adversely affected.

In addition, any adverse regulatory developments relating to the assessment and recognition of NPAs and provisioning therefore may have an adverse effect on the Issuer's financial performance.

- d) *The Issuer's business requires substantial funds, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition.***

The Issuer's liquidity and profitability are, in large part, dependent upon its timely access to, and costs associated with raising capital. The Issuer's funding requirements historically have been met from a combination of term loans, working capital facilities and assignment or securitization of its portfolio to banks and financial institutions to meet their priority sector and retail lending commitments, commercial paper, cash credit, convertible and non-convertible debentures, as well as equity contributions. On account of priority sector lending, the Issuer believe it has access to funds at relatively lower costs. Any change in RBI regulations on priority sector lending, or the Issuer's inability to maintain relationships with such banks, could adversely affect its results of operations and financial condition. The Issuer's business depends and will continue to depend on its ability to access diversified low cost funding sources. As a financial services company, the Issuer faces certain additional regulatory restrictions on its ability to obtain financing from banks.

Pursuing the Issuer's growth strategy and introducing new product offerings to its customers will have an impact on the Issuer's long-term capital requirements. With the growth of the Issuer's business, the Issuer may be increasingly reliant on funding from debt capital markets. The market for such funds is competitive and the Issuer's ability to obtain funds at competitive rates will depend on various factors. If the Issuer is unable to access funds at an effective cost that is comparable to or lower than its competitors, it may not be able to offer competitive interest rates for its loans. The Issuer's ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors, including the regulatory environment and policy initiatives in India, lack of liquidity in the market, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and its current and future results of operations and financial condition. If the Issuer is unable to obtain adequate financing or financing on terms satisfactory to the Issuer and in a timely manner, the Issuer's ability to grow or support its business and to respond to business challenges could be limited and our business prospects, financial condition and results of operations would be

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materially and adversely affected.

- e) As part of the Issuer's business strategy, it has assigned or securitized a significant portion of the receivables from its loan portfolio to banks and other financial institutions. Any deterioration in the performance of any portfolio of receivables assigned to banks and other institutions may affect its ability to conduct further assignment and securitization and thus adversely impacting its business prospects, financial condition and results of operations.***

The Issuer has assigned or securitized a significant portion of the receivables from its loan portfolio (typically fixed interest loans that are standard assets) to banks and other institutions to obtain funding and minimise its risk. The banks purchase the Issuer's portfolio to meet their priority sector and retail lending commitments. These securitization and assignment transactions are conducted on the basis of the Issuer's internal estimates of its funding requirements, and may vary from time to time. Any deterioration in the performance of any batch of receivables assigned to banks could adversely affect the Issuer's credibility and hence the Issuer's ability to conduct further assignments and securitizations. The Issuer may also be named as a co-plaintiff in legal proceedings initiated by an assignee in relation to the securitized assets. Also, there can be no assurance that the Issuer's future NPA ratios will be consistent with prior experience or at levels that will enable the Issuer to maintain its current quality of loan portfolio. This could have an adverse impact on the Issuer's business prospects, financial condition and results of operations and our assignment and securitization plans in the future.

- f) The Issuer's financial performance is subject to interest rate risk, and an inability to manage its interest rate risk may have a material adverse effect on its interest income from financing activities, thereby adversely affecting our business prospects and financial performance.***

The Issuer's results of operations, including its interest income from financing activities are dependent on its ability to manage its interest rate risk. The Issuer's various financing products provide a range of loans at fixed or floating rates of interest. The Issuer's funding arrangements also include both fixed and floating rate borrowings.

Since the Issuer's financing products involve both floating and fixed rates, an inability to match its borrowing profile with its loan product portfolio may lead to various risks such as, increase in interest rate. The Issuer's net interest income from financing activities and net interest margin would be adversely impacted in case of an increase in interest rate, if the yield on the Issuer's interest-earning assets does not increase simultaneously with or to the same extent as the Issuer's cost of funds. In the event of a declining interest rate environment, if the Issuer's cost of funds does not decline simultaneously or to the same extent as the yield on its interest-earning assets, it could adversely impact the Issuer's interest income from financing activities and net interest margin. Additional risks arising from increasing interest rates, among others, include:

- increase in the rates of interest charged (where floating rates are typically used) on certain financing products in the Issuer's product portfolio, which could result in the extension of loan maturities and higher monthly instalments due from borrowers which, in turn, could result in higher rates of default;
- increase in defaults resulting from extension of loan maturities and higher monthly instalments due from borrowers;
- reduction in the volume of loan disbursements as a result of a customer's inability to service high interest rate payments;
- inability to raise low cost funds as compared to some of the Issuer's competitors, who may have access to lower cost deposits; and
- inability to collect anticipated interest amount in case of prepayment of loans by the Issuer's customers.

Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond the Issuer's control, including the monetary policies of the RBI, de-regulation of the

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financial services sector in India, domestic as well as international economic and political conditions, inflation and other factors. Interest rates in India have been volatile in the past. There can be no assurance that the Issuer will be able to adequately manage its interest rate risk. If the Issuer is unable to effectively manage its interest rate risks, it could have an adverse effect on the Issuer's net interest margin, thereby adversely affecting the Issuer's business prospects, financial condition and results of operations.

g) *The success of the Issuer's business operations is dependent on its senior management team and key management personnel as well as its ability to attract, train and retain employees.*

The continued success of the Issuer's business operations is attributable to its senior management team and key management personnel. The Issuer believes that the experience of its senior management team has enabled it to experience consistent growth and profitability as well as maintain a robust liquidity and capital position. The ability of the Issuer to sustain its growth depends upon its ability to attract and retain key personnel, developing managerial experience to address emerging business and operating challenges and ensuring a high standard of customer service. Hiring and retaining such personnel who are qualified and experienced in credit-appraisal and asset valuation, in the vehicle finance sector and affordable housing segment, may be difficult. The Issuer may also face attrition of its existing workforce as a result of increased competition or other factors relating to the Issuer's businesses. If the Issuer cannot hire additional qualified personnel or retain them, its ability to expand its business will be impaired and the Issuer's revenue could decline.

The Issuer will need to recruit new employees, who will have to be trained and integrated into its operations. The Issuer will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate its employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase its exposure to high-risk credit and impose significant costs on the Issuer. The Issuer also has temporary sales, marketing and recovery personnel (including proprietorships) who work for the Issuer on a commission basis. However, a change in law or regulations which may result in these employees being regarded as a part of the Issuer's work force, hence making the Issuer liable for social welfare payments. Any inability to attract and retain talented employees, or the resignation or loss of key management personnel, or retain the Issuer's temporary personnel at commercially viable terms, may have an adverse impact on the Issuer's business, future financial performance and the price of the Issuer's equity shares.

h) *The Issuer's risk management measures may not be fully effective in mitigating its risks in all market environments or against all types of risks, which may adversely affect its business and financial performance.*

The Issuer is exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. The Issuer's hedging strategies and other risk management techniques may not be fully effective in mitigating its risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events.

Many of the Issuer's customers may not have any credit history supported by tax returns, bank or credit card statements, statements of previous loan exposures, or other related documents, have limited formal education, and may only be able to furnish limited information for the Issuer to assess their creditworthiness accurately. In addition, the Issuer may not receive updated

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information regarding any change in their financial condition or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation. It is therefore, difficult to carry out credit risk analyses on the Issuer's customers. Although the Issuer has established stringent policies and procedures, they may not be fully effective.

- i) The Issuer's business may be affected by seasonal trends in the Indian economy. Any significant event such as unforeseen floods, earthquakes, epidemics or economic slowdowns during peak seasons would materially and adversely affect the Issuer's results of operations and growth strategies.***

The Issuer's business operations and the non-banking financial services and housing finance industries may be affected by seasonal trends in the Indian economy. The Issuer has recently commenced extending term loans to farmers for purchase of new tractors, agricultural equipment, related accessories and implements. The Issuer intends to expand its presence in the agricultural value chain financing industry by offering products to cover the long term and short term credit needs in all aspects of agriculture. The Issuer's agricultural value chain product lending segment's growth strategy will be significantly impacted by traditional crop seasons in India. In India, majority of farmers depend on the monsoon for cultivation owing to the reduced access to artificial irrigation. Generally, the period from October to March is the peak period in India for retail economic activity. The Issuer's disbursements are likely to be highest in this period. This increased or seasonal activity is the result of several holiday periods, improved weather conditions, crop harvests and the business conditions the Issuer's customers operate in. The Issuer generally experiences higher volumes of business during this period. Any significant event such as unforeseen floods, earthquakes, epidemics or economic slowdowns during this peak season would materially and adversely affect the Issuer's business prospects, financial condition and results of operations. During these periods, the Issuer may continue to incur operating expenses, but its revenue from operations may be delayed or reduced.

- j) The Issuer has provided corporate guarantees in relation to certain loans obtained by its subsidiary and any default by our subsidiary may result in invocation of the parent guarantee.***

We have provided corporate guarantees as security in relation to certain loans obtained by MAS Rural Housing & Mortgage Finance Limited ("MRHMFL"), any default by MRHMFL in meeting its obligations under any of these loans may result in the invocation of the corresponding corporate guarantee against the Issuer. The Issuer may accordingly be obligated to undertake the obligations of MRHMFL in relation to this loan, which may affect the Issuer's business prospects, financial condition, results of operations and cash flows.

- k) Insurance obtained by the Issuer may not adequately protect it against all losses and could adversely affect its business prospects, financial condition and results of operations.***

The Issuer maintains insurance coverage that the Issuer believe is in accordance with industry standards. The Issuer's insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. The Issuer has taken a corporate cover policy including a fidelity guarantee policy which covers all its employees. The Issuer has a money insurance policy in respect of cash in safe and in transit. In addition, the Issuer's directors are insured under a directors' and officers' liability insurance policy. The Issuer also maintain insurance coverage against losses occasioned by fire, burglary for the premises and equipment in its offices, public liability insurance, group and personal accident insurance covering its employees. There can however be no assurance that the terms of the insurance policies will be adequate to cover any loss suffered by the Issuer or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. A successful assertion of one or more large claims against the Issuer that exceeds its available insurance coverage or changes in the Issuer's insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the

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Issuer's business prospects, financial condition and results of operations.

4.12 TRADING OF THE NCDS MAY BE LIMITED BY TEMPORARY EXCHANGE CLOSURES, BROKER DEFAULTS, SETTLEMENT DELAYS, STRIKES BY BROKERAGE FIRM EMPLOYEES AND DISPUTES.

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

4.13 REFUSAL OF LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD

As on the date of this Placement Memorandum, no stock exchange in India or abroad has refused listing of any equity or debt security issued by the Issuer.

4.14 IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS:

ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY (IF ANY) AS PER TERMS AGREED: As on the date of this Placement Memorandum, the Issuer has not committed any default in compliance with the material covenants as per terms agreed in respect of any outstanding borrowings.

DEFAULT IN PAYMENT OF INTEREST: As on the date of this Placement Memorandum, the Issuer has not committed any default in payment of interest in respect of any outstanding borrowings.

DEFAULT IN REDEMPTION OR REPAYMENT: As on the date of this Placement Memorandum, the Issuer has not committed any default in redemption or repayment in respect of any outstanding borrowings.

NON-CREATION OF DEBENTURE REDEMPTION RESERVE: Pursuant Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, an NBFC is not required to maintain debenture redemption reserve for debentures issued on a private placement basis.

DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE: As on the date of this Placement Memorandum, the Issuer has not committed any default in payment of interest penal in respect of any outstanding borrowings.

OTHERS: A failure to observe the covenants under the Issuer's financing arrangements or to obtain necessary consents required thereunder may lead to the termination of the Issuer's credit facilities, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under the Issuer's other financing agreements. If the obligations under any of the Issuer's financing documents are accelerated, the Issuer may have to dedicate a substantial portion of the Issuer's cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for the Issuer's working capital requirements and other general corporate purposes. Further, during any period in which the Issuer is in default, the Issuer may be unable to raise, or face difficulties raising, further financing. Any of these circumstances could adversely affect the Issuer's business, credit rating and financial condition, cash flows and results of operations. If the Issuer fails to meet its debt service obligations or covenants provided under the financing agreements, the relevant lenders could declare the Issuer to be in default under the terms of the Issuer's agreements or accelerate the maturity of the Issuer's obligations. the Issuer cannot assure the Investors that, in the event of any such acceleration, the Issuer will have sufficient resources to repay the borrowings.

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SECTION 5: FINANCIAL STATEMENTS

The audited financial statements of the Issuer for the Financial Year ended March 31, 2020, March 31, 2021 and March 31, 2022 and the limited review financial results as of September 30, 2022 are set out in **Annexure V** hereto.

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SECTION 6: REGULATORY DISCLOSURES

This Placement Memorandum is prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per the SEBI Debt Listing Regulations (including Schedule II thereof).

6.1 The Issuer shall file the following documents along with the listing application to the stock exchange and with the Debenture Trustee:

The following documents have been / shall be submitted to the BSE and the Debenture Trustee:

- (a) Placement Memorandum;
- (b) Memorandum of Association and Articles of Association;
- (c) Copy of the requisite board/ committee resolutions authorizing the borrowing and list of authorised signatories for the allotment of securities;
- (d) Copy of last three years Annual Reports;
- (e) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- (f) An undertaking from the issuer stating that the necessary documents for creation of the charge, wherever applicable, including the Trust Deed has been executed within the time frame prescribed in the relevant regulations/Act/rules etc. and the same would be uploaded on the website of the designated stock exchange, where such securities have been proposed to be listed;
- (g) In case of debt securities, an undertaking that permission / consent from the prior creditor for a second or pari passu charge being created, wherever applicable, in favour of the debenture trustee to the proposed issue has been obtained;
- (h) Any other particulars or documents that the recognized stock exchange may call for as it deems fit;
- (i) Due diligence certificate from the Debenture Trustee in the format as specified in Schedule IV of the Debt Listing Regulations; and
- (j) Due diligence certificate from the Debenture Trustee as per the format specified in Annexure B of the SEBI Due Diligence Circular.

6.2 The following documents have been / shall be submitted to BSE at the time of filing the draft of this Placement Memorandum:

Due diligence certificate from the Debenture Trustee as per the format specified in Annexure A of the SEBI Due Diligence Circular and the format as specified in Schedule IV of the Debt Listing Regulations.

6.3 Details of credit rating, along with the latest press release of the Credit Rating Agency in relation to the issue and declaration that the rating is valid as on the date of issuance and listing. Such press release shall not be older than one year from the date of opening of the issue.

The Debentures have been rated **CARE A+; Stable (Single A Plus; Stable)** by CARE Ratings Limited. The rating letter, press release and the rating rationale from the Rating Agency is provided in **Annexure II**.

6.4 Name(s) of the stock exchange(s) where the non-convertible securities are proposed to be listed and the details of their in-principle approval for listing obtained from these stock exchange(s).

The Debentures are proposed to be listed on the WDM segment of BSE within the time period prescribed under the SEBI Listing Timelines Requirements. The Issuer shall comply with the requirements of the listing agreement for debt securities to the extent applicable to it on a continuous basis.

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The Recovery Expense Fund shall be created by the Issuer with BSE.

The in-principle approval from BSE is provided in **Annexure XI**.

6.5 **Issue Schedule:**

PARTICULARS	DATE
Issue Opening Date	March 24, 2023
Issue Closing Date	March 24, 2023
Pay In Date	March 27, 2023
Deemed Date of Allotment	March 27, 2023

6.6 **Name, logo, addresses, website URL, email address, telephone number and contact person of:**

(a) **Debenture Trustee to the Issue**

Name	Catalyst Trusteeship Limited
Logo	
Address	Windsor, 6th floor, Office No.604, C.S.T Road, Kalina, Santacruz (East) Mumbai 400098
Website	www.catalysttrustee.com
E-mail address	deesha.trivedi@ctltrustee.com
Telephone Number	022-49220506
Contact Person Details	Ms. Deesha Trivedi

(b) **Credit Rating Agency for the Issue**

Name	CARE Ratings Ltd.
Logo	
Address	4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022.
Website	www.careratings.com
E-mail address	janki.aswani@careratings.com
Telephone Number	022- 6837 4400
Contact Person Details	Ms. Janki Aswani

(c) **Registrar the Issue**

Name	Link Intime India Pvt. Ltd.
Logo	
Address	C-101, 1 st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083
Website	www.linkintime.co.in
E-mail address	amit.dabhade@linkintime.co.in
Telephone Number	9766923470
Contact Person Details	Mr. Amit Dabhade

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(d) **Statutory Auditors**

Name	Mukesh M. Shah & Co.
Logo	
Address	7 th Floor, Heritage Chambers, Azad Society Road, B/h Bikanerwala / Sahajanand College, Nehrunagar, Ambawadi, Ahmedabad – 380015
Website	www.mmsco.in
E-mail address	Mukesh@mmsco.in
Telephone Number	(079) 26472002
Contact Person Details	CA Mukesh Shah

(e) **Legal Counsel**

Name	N. A. The Issuer has been advised by its in-house legal and compliance team.
Logo	N. A
Address	N. A
Website	N. A
E-mail address	N. A
Telephone Number	N. A
Contact Person Details	N. A

(f) **Guarantor**

Name	Not Applicable
Logo	
Address	
Website	
E-mail address	
Telephone Number	
Contact Person Details	

(g) **Arrangers**

Name	A K Stockmart Private Limited
Logo	
Address	601-602, 6 th Floor, Windsor, Off CST Road, Kalina, Santacruz (East), Mumbai - 400098
Website	https://www.akgroup.co.in/group-companies-landing-page?articleId=28210
E-mail address	compliance@akgroup.co.in
Telephone Number	+91-22-67546500
Contact Person Details	Mr. Ashit Raja

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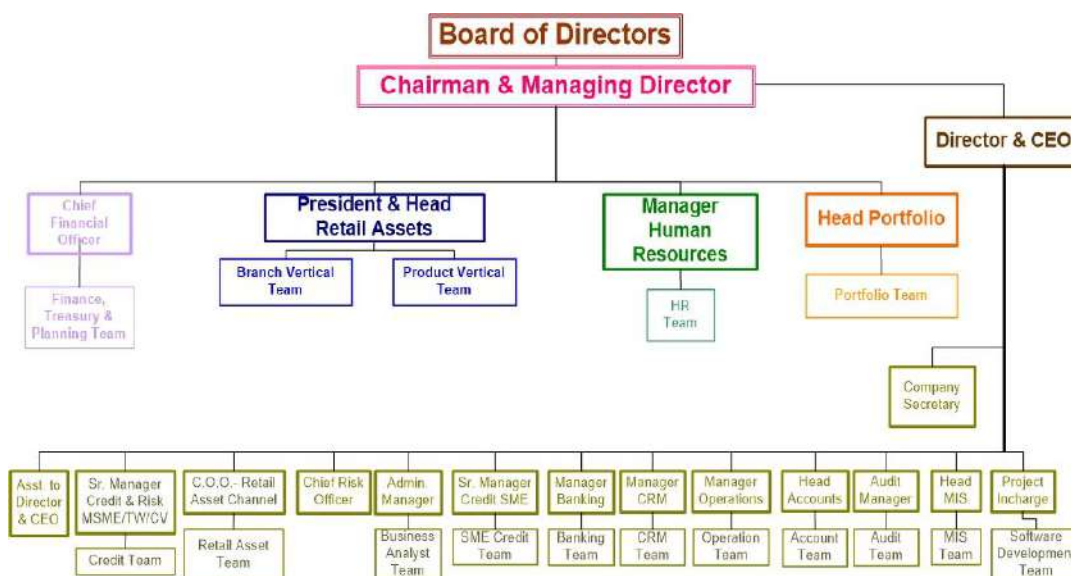
6.7 About the Issuer

(A brief summary of the business / activities of the Issuer and its subsidiaries with the details of branches or units if any and its line of business containing at least following information)

(a) Overview of the business of the Issuer

MAS Financial Services Limited has been engaged in specialized retail financing services for over two decades. The Company's inception dates back to 1995, when it was registered with the Reserve Bank of India as an NBFC. Catering to the financial needs of lower income and middle-income groups of society, MAS offers a range of retail financing products for Micro Enterprises and Small and Medium Enterprises, Two-Wheeler Loans, Used Car Loans and Commercial Vehicle Loans. With a presence across urban, semi-urban and rural areas, the Company provides credit solutions for both the formal and informal sectors. With its network of 147 branches, as at end September 30, 2022, MAS catering in more than 3,450 centers, in an endeavour to fulfill its quest to take top-class services to the doorstep of the people of India. These touch points are spread across the states of Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu, Karnataka and NCT of Delhi. Targeting a significant market share of the financial services space, MAS has been putting in place systems and processes that enable the Company to expand its distribution and assess various perspectives of credibility, in the absence of proper and systematic credit documents, including creditworthiness through other channels. It also leverages the distribution network of its partner NBFCMFIs/ NBFCs/HFCs/franchisees, thus tapping the emerging opportunity by extending financial services to underpenetrated regions and the BOP segment.

(b) Corporate Structure of the Issuer



Board of Directors

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

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

Mrs. Darshana S. Pandya - Director & CEO

She is responsible for leading the operations at MAS and also the relationship of the Company with its more than 100 NBFC-MFI & NBFC Partners. She is a commerce graduate who joined the Company in 1996 as a junior executive and through her hard work, immaculate working and

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determination to excel, accompanied by enabling support from the management; rose to the level of Director & CEO.

Mr. Balabhaskaran N. Nair - Independent Director

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

Mr. Chetan R. Shah - Independent Director

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

Mr. Umesh R. Shah - Independent Director

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

Mrs. Daksha Niranjan Shah - Independent Director

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

- (c) **Project cost and means of financing, in case of funding of new projects:** Not applicable.

6.8 **Financial Information**

- (a) **A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years which shall not be more than six months old from the date of the Placement Memorandum or issue opening date, as applicable**

Note: Listed issuers (whose debt securities or specified securities are listed on recognised stock exchange(s)) in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, may disclose unaudited financial information for the stub period in the format as prescribed therein with limited review report in the Placement Memorandum, as filed with the stock exchanges, instead of audited financial statements for stub period, subject to making necessary disclosures in this regard in Placement Memorandum including risk factors: The latest audited financial statements for the period ending March 31, 2022 and the limited review financial statement as of September 30, 2022 have been disclosed.

Standalone Financials and Cash flows

STANDALONE BALANCE SHEET	As at	As at	As at	As at
	30-Sep-22	31-Mar-22	31-Mar-21	31-Mar-20
ASSETS				
Financial assets				
Cash and cash equivalents	38,386	27,350	96,505	1,02,478
Bank balance other than cash and cash equivalents	57,101	55,731	3,181	191
Trade receivables	744.42	100	221	-

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STANDALONE BALANCE SHEET	As at	As at	As at	As at
	30-Sep-22	31-Mar-22	31-Mar-21	31-Mar-20
Loans	5,35,828	4,55,380	3,80,513	3,34,847
Investments	96,908	53,806	23,503	3,750
Other financial assets	4,800	5,262	4,765	7,799
Total financial assets	7,33,767	5,97,629	5,08,689	4,49,064
Non-financial assets				
Income tax assets (net)	508.37	623	592	221
Deferred tax assets (net)	3,096	2,360	2,117	1,498
Property, plant and equipment	1,322	1,239	1,081	1,199
Capital work-in-progress	5,328	5,204	5,003	4,821
Right-of-use asset	105.96	53	38	128
Intangible assets under development	0	4	-	
Other intangible assets	43.06	22	9	11
Other non-financial assets	574.56	367	231	235
Total non-financial assets	10,979	9,873	9,071	8,114
Total assets	7,44,745	6,07,502	5,17,760	4,57,178
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	2.45	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,443.24	1412	656	753
(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	51.15	155	101	-
Debt securities	60,425.80	36,203	31,412	-
Borrowings (other than debt securities)	4,71,770.53	3,73,273	2,91,975	2,52,021
Subordinated liabilities	12,186.94	13,722	5,997	5,989
Other financial liabilities	54,988.25	45,759	63,254	90,694
Total financial liabilities	6,01,868	4,70,524	3,93,394	3,49,457
Non-financial liabilities				
Current tax liabilities (net)	144	225	1,177	-
Provisions	841	716	396	46
Deferred tax liabilities (net)	0	-	-	-
Other non-financial liabilities	5,373	5,191	5,536	9,584
Total non-financial liabilities	6,358	6,132	7,109	9,630
Total liabilities	6,08,226	4,76,656	4,00,503	3,59,087
EQUITY				
Equity share capital	5,466	5,466	5,466	5,466
Other equity	1,31,053	1,25,380	1,11,791	92,624

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STANDALONE BALANCE SHEET	As at	As at	As at	As at
	30-Sep-22	31-Mar-22	31-Mar-21	31-Mar-20
Total equity	1,36,519	1,30,846	1,17,257	98,090
Total liabilities and equity	7,44,745	6,07,502	5,17,760	4,57,178

(Rs. in Lakhs)

	STANDALONE STATEMENT OF PROFIT AND LOSS	Half Year ended	Year ended	Year ended	Year ended
		30-Sep-22	31-Mar-22	31-Mar-21	31-Mar-20
I. Revenue from operations					
	Interest income	36172	56948	48,414	55,509
	Gain on assignment of financial assets	3343	6424	9,048	10,117
	Fees and commission income	2632	1723	1,807	1,574
	Net gain on fair value changes	557	499	56	-
	Total revenue from operations	42703	65594	59,325	67,200
	Other income	131	151	64	72
	Total income	42835	65745	59,389	67,272
II. Expenses					
	Finance costs	20368	31954	26,449	27,220
	Fees and commission expense	3061	2309	624	602
	Impairment on financial assets	2056	3410	7,840	8,247
	Employee benefits expenses	2916	4223	2,973	5,241
	Depreciation and amortization	112	178	213	232
	Others expenses	1553	2505	2,000	2,914
	Total expenses	30066	44578	40,100	44,456
	Profit before exceptional items and tax (I - II)	12768	21167	19,289	22,816
	Exceptional items	0	0	-	-
III. Profit before tax		12768	21167	19,289	22,816
IV. Tax expense:					
	Current tax	3153	5423	5,810	6,292
	Short / (excess) provision for tax relating to prior years	0	-50	-	-96
	Net current tax expense	3153	5373	5,810	6,196
	Deferred tax (credit) / charge	56	12	-871	-35
	Net tax expense	3209	5384	4,939	6,161
V. Profit for the year (III - IV)		9559	15783	14,350	16,655

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	STANDALONE STATEMENT OF PROFIT AND LOSS	Half Year ended	Year ended	Year ended	Year ended
		30-Sep-22	31-Mar-22	31-Mar-21	31-Mar-20
VI.	Other comprehensive income				
	(A) Items that will not be reclassified to profit or loss:				
	Remeasurement of the defined benefit liabilities	32	-11	67	-30
	Income tax impact on above	-8	3	-17	7
	Net gain on equity instruments measured through other comprehensive income	0	0	-	-
	Income tax impact on above	0	0	-	-
	Total (A)	24	-8	50	-22
	(B) Items that will be reclassified to profit or loss:				
	Loans and advances through other comprehensive Income	-3181	-1001	936	658
	Income tax impact on above	800	252	-236	-166
	Total (B)	-2380	-749	701	492
	Other comprehensive income (A+B)	-2356	-758	751	470
VII.	Total comprehensive income (V + VI)	7203	15025	15,101	17,126
VIII.	Earnings per equity share (of Rs. 10 each):				
	Basic (Rs.)	17.49	28.87	26.25	30.47
	Diluted (Rs.)	17.49	28.87	26.25	30.47

	STANDALONE STATEMENT OF CASH FLOWS	Half Year ended	Year ended	Year ended	Year ended
		30-Sep-22	31-Mar-22	31-Mar-21	31-Mar-20
A	CASH FLOW FROM OPERATING ACTIVITIES				
	Net profit before tax	12,768	21,167	19,289	22,816
	Adjustments for :				
	Depreciation and amortisation	112	178	213	232
	Finance cost	20368	31,954	26,449	27,220
	Impairment on financial assets	2056	3,410	7,840	8,595
	(Profit) / loss on sale of property, plant and equipment	0	-	1	1
	Interest income	-	-	-	-

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	STANDALONE STATEMENT OF CASH FLOWS	Half Year ended		Year ended		Year ended		Year ended	
		30-Sep-22		31-Mar-22		31-Mar-21		31-Mar-20	
		362 27		56,94 8		48,41 4		53,6 29	
	Net gain on fair value changes	-395		-312		-26		-	
	Net gain on sale of investments measured at amortized cost	0		- 23.28		-		-	
	Financial guarantee commission income	0		-1.22		-3		-5	
	Dividend income	-112		- 66.08		-39		-6	
	Gain on derecognition of leased assets	0		-0.07		-3		-1	
			- 14,19 9		- 21,8 10		- 13,98 1		- 17,59 4
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		- 1,430		-643		5,308		5,222
	Changes in working capital:								
	Adjustments for (increase)/decrease in operating assets:								
	Loans	- 855 32		- 78,03 1		- 51,07 2		- 17,2 56	
	Trade receivables	-644		121		-221		-	
	Advances received against loan agreements	-337		801		- 10,02 3		10,0 23	
	Bank balance other than cash and cash equivalents	57		-55		33		1,00 1	
	Other financial asset	551		-469		-361		-14	
	Other non-financial asset	-335		-391		-281		-415	
	Adjustments for increase/(decrease) in operating liabilities:	0							
	Trade payable and other payable	930		810		4		200	
	Other financial liabilities	747 8		- 17,89 1		- 17,55 3		7,01 4	
	Other non-financial liabilities	-24		-344		- 4,050		618	
	Provisions	113	- 77,74 5	319	- 95,1 29	351	- 83,17 4	30	1,201
	CASH GENERATED FROM / (USED IN) OPERATIONS		- 79,17 5		- 95,7 72		- 77,86 6		6,424

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

	STANDALONE STATEMENT OF CASH FLOWS	Half Year ended		Year ended		Year ended		Year ended	
		30-Sep-22		31-Mar-22		31-Mar-21		31-Mar-20	
	Interest income received	316 35		51,95 1		51,70 9		46,9 24	
	Dividend received	112		66		39		6	
	Interest income on Investment measured at amortised cost	206 4		1,586		42		5	
	Finance cost paid	- 184 43		- 33,55 9		- 26,45 2		- 26,5 08	
	Income tax paid (net)	- 311 9	12,25 1	- 6,355	13,6 88	- 5,004	20,33 4	- 7,94 3	12,48 4
	NET CASH FLOW GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)		- 66,92 4		- 82,0 84		- 57,53 2		18,90 8
B	CASH FLOW FROM INVESTING ACTIVITIES								
	Acquisition of property, plant and equipments and intangible assets, including capital advances	-333		-522		-201		-454	
	Proceeds from sale of property, plant and equipments and intangible assets			-		0		1	
	Change in Earmarked balances with banks and other free deposit	- 142 7		- 52,49 5		- 3,023		87	
	Interest income from bank deposits	174 6		2,391		2,914		1,15 5	
	Purchase of investments	- 133 251		- 1,19, 211		- 22,85 2		0	
	Redemption of investments	906 35		89,28 2		3,191		-500	
	Purchase of optionally convertible preference shares ("OCPS") in subsidiary	0		-		-		- 1,00 0	
	Net gain on sale of investments measured at amortized cost	0		23		-		-	
	NET CASH FLOW GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)		- 42,62 9		- 80,5 31		- 19,97 1		-711
C	CASH FLOW FROM FINANCING ACTIVITIES								
	Proceeds from debt securities and	160		1,94,		1,22,		95,4	

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	STANDALONE STATEMENT OF CASH FLOWS	Half Year ended		Year ended		Year ended		Year ended	
		30-Sep-22		31-Mar-22		31-Mar-21		31-Mar-20	
	borrowings	725		922		900		25	
	Repayments of debt securities and borrowings	- 587 78		- 1,04, 877		- 74,11 4		- 42,3 49	
	Net increase in working capital borrowings	196 10		4,960		22,82 6		3,31 6	
	Repayment of lease liabilities	-11		-42		-81		-89	
	Dividends paid	-957		- 1,503		-		- 7,64 8	
	CASH FLOW GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)		1,20, 590		93,4 60		71,53 1		48,65 5
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		11,03 6		- 69,1 55		- 5,973		66,85 2
	Cash and cash equivalents at the beginning of the year		27,35 0		96,5 05		1,02, 478		35,62 6
	Cash and cash equivalents at the end of the year		38,38 6		27,3 50		96,50 5		1,02, 478

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Consolidated Financials and Cash flows

CONSOLIDATED BALANCE SHEET

(Rs. in Lakhs)

Particulars	As at	As at	As at	As at
	30-Sep-22	31-Mar-22	31-Mar-21	31-Mar-20
ASSETS				
Financial assets				
Cash and cash equivalents	38,663	28,756	98,711	1,04,586
Bank balance other than cash and cash equivalents	59,742	58,310	3,220	193
Trade receivables	747	105	223	
Loans	5,63,871	4,79,981	4,06,331	3,60,187
Investments	93,323	49,321	20,158	500
Other financial assets	5,229	5,552	4,974	8,061
Total financial assets	7,61,575	6,22,025	5,33,618	4,73,526
Non-financial assets				
Income tax assets (net)	508	623	592	223
Deferred tax assets (net)	3,259	2,516	2,256	1,626
Property, plant and equipment	1,376	1,293	1,145	1,283
Capital work-in-progress	5,328	5,204	5,003	4,821
Right-of-use asset	111	61	54	168
Intangible assets under development	-	4	-	
Other intangible assets	43	22	9	12
Other non-financial assets	640	422	286	318
Total non-financial assets	11,266	10,146	9,345	8,451
Total assets	7,72,840	6,32,171	5,42,963	4,81,977
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	2	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,520	1,459	728	813
(II) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-

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(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	51	155	101	-
Debt securities	60,426	36,203	31,412	-
Borrowings (other than debt securities)	4,95,526	3,93,997	3,13,867	2,73,600
Subordinated liabilities	12,187	13,722	5,997	5,989
Other financial liabilities	55,408	46,186	63,467	91,051
Total financial liabilities	6,26,120	4,91,722	4,15,571	3,71,453
Non-financial liabilities				
Current tax liabilities (net)	183	248	1,215	-
Provisions	842	717	397	47
Deferred tax liabilities (net)	-	-	-	-
Other non-financial liabilities	5,810	5,487	5,745	9,853
Total non-financial liabilities	6,834	6,452	7,357	9,900
Total liabilities	6,32,954	4,98,175	4,22,928	3,81,353
EQUITY				
Equity share capital	5,466	5,466	5,466	5,466
Other equity	1,32,037	1,26,286	1,12,522	93,242
Equity attributable to the owners of the Holding Company	1,37,504	1,31,752	1,17,988	98,708
Non-controlling interest	2,383	2,245	2,047	1,916
Total equity	1,39,886	1,33,997	1,20,035	1,00,624
Total liabilities and equity	7,72,840	6,32,171	5,42,963	4,81,977

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Rs. in Lakhs)

		Half Year Ended	Year ended	Year ended	Year ended
		30-Sep-22	31-Mar-22	31-Mar-21	31-Mar-20
I. Revenue from operations					
Interest income		37,860	60,168	51,770	59,283
Gain on assignment of financial assets		3,466	6,563	9,126	10,098
Fees and commission income		2,672	1,814	1,814	1,585
Net gain on fair value changes		559.16	473	30	-
Total revenue from operations		44,557	69,017	62,739	70,965
Other income		32.54	93	32	36
Total income		44,590	69,111	62,771	71,001

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		Half Year Ended	Year ended	Year ended	Year ended
		30-Sep-22	31-Mar-22	31-Mar-21	31-Mar-20
II.	Expenses				
	Finance costs	21,323	33,868	28,494	29,630
	Fees and commission expense	3,061	2,309	624	602
	Impairment on financial assets	2,077	3,527	8,136	8,466
	Employee benefits expenses	3,263	4,779	3,503	5,869
	Depreciation, amortization and impairment	126.16	207	257	285
	Others expenses	1,730	2,771	2,160	3,122
	Total expenses	31,581	47,462	43,174	47,973
	Profit before exceptional items and tax (I - II)	13,009	21,648	19,597	23,028
	Exceptional items		-	-	-
III.	Profit before tax	13,009	21,648	19,597	23,028
IV.	Tax expense:				
	Current tax	3,258	5,583	5,935	6,391
	Short / (excess) provision for tax relating to prior years	0	-51	0	-96
	Net current tax expense	3,258	5,532	5,935	6,295
	Deferred tax (credit) / charge	47.36	1	-890	-76
	Net tax expense	3,305	5,533	5,044	6,219
V.	Profit for the year (III - IV)	9,704	16,115	14,552	16,809
	Share of profit attributable to non-controlling interest	-110.84	-184	-116	-69
	Profit for the year attributable to the owners of the Holding Company	9,593	15,931	14,436	16,739
VI.	Other comprehensive income				
	(A) Items that will not be reclassified to profit or loss:				
	Remeasurement of the defined benefit liabilities	35.8	-9	75	-34
	Income tax impact on above	-9.01	2	-19	9
	Net gain on equity instruments measured through other comprehensive income	0	-	-	-
	Income tax impact on above	0	-	-	-

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		Half Year Ended	Year ended	Year ended	Year ended
		30-Sep-22	31-Mar-22	31-Mar-21	31-Mar-20
	Total (A)	26.79	-6	57	-25
	(B) Items that will be reclassified to profit or loss:				
	Loans and advances through other comprehensive Income	-3,176	-1,030	960	665
	Income tax relating to items that will be reclassified to profit or loss	799.41	259	-242	-167
	Total (B)	-2376.9	-770	719	498
	Other comprehensive income (A+B)	-2350.11	-777	775	473
VII.	Total comprehensive income for the year (V + VI)	7,354	15,338	15,328	17,281
VIII.	Profit for the year attributable to				
	Owners of the Holding Company	9,593	15,931	14,436	16,739
	Non-controlling interest	110.84	184	116	69
IX.	Other comprehensive income attributable to				
	Owners of the Holding Company	-2352.55	-769	765	472
	Non-controlling interest	2.44	-8	10	1
X.	Total comprehensive income attributable to				
	Owners of the Holding Company	7,241	15,162	15,201	17,211
	Non-controlling interest	113.28	176	126	70
XI.	Earnings per equity share (of Rs. 10 each):				
	Basic (Rs.)	17.55	29.14	26.41	30.62
	Diluted (Rs.)	17.55	29.14	26.41	30.62

CONSOLIDATED STATEMENT OF CASH FLOWS

(Rs. in Lakhs)

Particulars		Half Year Ended	Year ended	Year ended	Year ended
		30-Sep-22	31-Mar-22	31-Mar-21	31-Mar-20
A	CASH FLOW FROM OPERATING ACTIVITIES				

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Net profit before tax		13,009		21,648		19,597		23,028
Adjustments for :								
Depreciation and amortisation	126		207		257		285	
Finance cost	21,323		33,868		28,494		29,630	
Impairment on financial assets	2,077		3,527		8,136		8,813	
(Profit) / loss on sale of property, plant and equipment	-		-0.16		1		1	
Interest income	-37,860		-60,168		-51,770		-57,370	
Net gain on fair value changes	-395		-286		-		-	
Net gain on sale of investments measured at amortized cost	-		-23		-		-	
Gain on derecognition of leased asset	-		-0.07		-3		-1	
			-14,729		-22,874		-14,885	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		-1,720		-1,225		4,712		4,385
Changes in working capital:								
Adjustments for (increase)/decrease in operating assets:								
Loans and advances	-89,033		-77002		-51755		-16527	
Trade receivables	-642		119		-221		-	
Advances received against loan agreements	-283		797		-10021		10022	
Bank balance other than cash and cash equivalents	59		-44		21		1001	
Other financial asset	382		-702		-729		-16	
Other non-financial asset	-174		-140		107		-454	
Adjustments for increase/(decrease) in operating liabilities:								
Trade payables	959		785		16		213	
Other financial liabilities	7,161		-17,663		-17,634		6,520	

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	Other non-financial liabilities	323		- 258		- 4,10 7		810	
	Provisions	125	- 81,122	32 0	- 93,7 87	35 0	- 83,9 74	30	1,59 9
	CASH GENERATED FROM / (USED IN) OPERATIONS		- 82,842		- 95,0 13		- 79,2 62		5,98 4
	Interest income received	33,279		55,1 87		55,0 95		50,5 77	
	Interest income on Investment measured at amortised cost	2,081		1,58 6		42		5	
	Finance cost paid	- 19,373		- 35,4 65		- 28,5 97		- 28,8 82	
	Income tax paid (net)	- 3,209	- 12,778	- 6,53 0	14,7 78	- 5,08 9	21,4 51	- 8,04 5	13,6 55
	NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)		- 70,064		- 80,2 35		- 57,8 11		19,6 39
B	CASH FLOW FROM INVESTING ACTIVITIES								
	Acquisition of property, plant and equipments and intangible assets, including capital advances	-344		-534		-201		- 461	
	Proceeds from sale of property, plant and equipment and intangible assets	-		0.4		0		1	
	Change in Earmarked balances with banks and other free deposit	- 1,490		- 55,0 47		- 3,04 8		87	
	Interest income from bank deposits	1,815		2,49 7		2,97 2		1,27 3	
	Purchase of investments	- 1,36,82 8		- 1,19, 211		- 22,8 52		0	
	Redemption of investments	93,233		90,2 82		3,19 1		- 500	
	Profit on redemption of long term investment	-		23					
	NET CASH FLOW (USED IN) INVESTING ACTIVITIES (B)		- 43,614		- 81,9 89		- 19,9 39		399
C	CASH FLOW FROM FINANCING ACTIVITIES								

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Proceeds from debt securities and borrowings	1,91,399		2,06,090		1,29,110		99,825	
Repayments of borrowings	-86,661		-1,18,200		-79,972		-50,530	
Net increase / (decrease) in working capital borrowings	19,821		5,938		22,848		3,316	
Repayment of lease liabilities	-13		-52		-106		-119	
Dividends paid including dividend distribution tax	-961		-1,507		-5		-7,693	
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)		1,23,585		92,269		71,875		44,799
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		9,907		-69,955		-5,874		64,837
Cash and cash equivalents at the beginning of the year		28,756		98,711		1,04,586		39,749
Cash and cash equivalents at the end of the year		38,663		28,756		98,711		1,04,586

- (b) *Issuers other than unlisted REITs / unlisted InvITs desirous of issuing debt securities on private placement basis and who are in existence for less than three years may disclose financial statements mentioned at (a) above for such period of existence, subject to the following conditions:*

- i. The issue is made on the EBP platform irrespective of the issue size; and*
ii. The issue is open for subscription only to Qualified Institutional Buyers

N.A.

- (c) *The above financial statements shall be accompanied with the Auditor's Report along with the requisite schedules, footnotes, summary etc.*

Please refer **Annexure V** for the audited financial statements for the financial years 2019-20, 2020-21 and 2021-22 and the limited review financial results as of September 30, 2022 along with the auditor's report along with the requisite schedules, footnotes, summary etc.

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(d) **Key Operational and Financial Parameters on a consolidated basis and standalone basis (in INR, in Lakh)**

1) Consolidated basis unless specifically mentioned on standalone basis:

Particulars	FY 2021-22	FY 2020-21	FY 2019-20
Balance Sheet			
Net Fixed assets	6,523.78	6,156.78	6,116.05
Current assets	3,92,027.15	3,48,659.23	2,78,577.51
Non-current assets	2,33,620.38	1,88,147.06	1,97,283.27
Total assets	6,32,171.31	5,42,963.07	4,81,976.83
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Deferred tax liabilities (net) Other non-current liabilities	2,04,460.26	1,25,413.09	1,29,396.65
Current Liabilities (including maturities of long-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Current tax liabilities (net) Other current liabilities	2,93,714.36	2,97,515.15	2,51,956.29
Equity (equity and other equity)	1,33,996.69	1,20,034.83	1,00,623.89
Total equity and liabilities	6,32,171.31	5,42,963.07	4,81,976.83
Total revenue From operations Other income	69,110.77	62,771.23	71,001.32
Total Expenses	47,462.46	43,174.32	47,973.48
Total comprehensive income Profit / loss Other comprehensive income	15,337.96	15,327.72	17,281.25
Profit / loss after tax	16,114.88	14,552.43	16,808.68
Earnings per equity share: (a) basic; and (b) diluted, Continuing operations, Discontinued operations Total Continuing and discontinued operations	29.14	26.41	30.62
Net cash generated from		-	

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operating activities	-80,235.08	57,810.74	19,639.06
Net cash used in / generated from investing activities	-81,988.85	19,938.60	398.90
Net cash used in financing activities	92,268.89	71,875.20	44,799.23
Cash and cash equivalents	98,711.42	1,04,585.56	39,748.53
Balance as per statement of cash flows	28,756.38	98,711.42	1,04,585.72
Net worth	1,33,996.69	1,20,034.83	1,00,623.89
Cash and Cash Equivalents	28,756.38	98,711.42	1,04,585.56
Current Investments	15,768.78	6,107.16	500.00
Assets Under Management	6,50,360.51	5,65,733.60	6,25,282.77
Off Balance Sheet Assets	1,22,856.49	1,34,321.59	2,66,747.66
Total Debts to Total assets	0.75	0.71	0.69
Debt Service Coverage Ratios	NA	NA	NA
Interest Income	60,167.61	51,728.66	59,282.81
Interest Expense	33,868.41	28,493.54	29,629.80
Interest service coverage ratio	1.64	1.69	1.78
Provisioning & Write-offs	3,527.36	8,136.23	8,466.18
Bad debts to Account receivable ratio	0.48%	0.63%	0.96%
Gross NPA (%)*	2.06%	1.59%	1.89%
Net NPA (%)*	1.18%	0.98%	1.32%
Tier I Capital Adequacy Ratio (%) *	23.08%	24.81%	27.62%
Tier II Capital Adequacy Ratio (%) *	3.27%	2.05%	2.08%

*On Standalone Basis

** The Issuer only maintains consolidated financial information on an annual basis in accordance with the requirements applicable to it. All relevant information will be prepared and provided to BSE in accordance with, and within the time period prescribed under, the LODR Regulations."

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

2) Standalone basis

(INR in Lakh)

Particulars	H1 FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20
Balance Sheet				
Net Fixed assets	6,693.35	6,468.99	6,092.76	6,030.97
Current assets	4,77,623.31	3,80,479.62	3,38,160.92	2,70,210.08
Non-current assets	2,60,428.56	2,20,552.98	1,73,506.05	1,80,936.73
Total assets	7,44,745.22	6,07,501.59	5,17,759.73	4,57,177.78
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Deferred tax liabilities (net) Other non-current liabilities	2,70,916.34	1,90,717.59	1,11,845.57	1,13,895.13
Current Liabilities (including maturities of long-term borrowings) Financial (borrowings, trade payables, and other financial liabilities) Provisions Current tax liabilities (net) Other current liabilities	3,37,310.12	2,85,938.13	2,88,657.29	2,45,192.26
Equity (equity and other equity)	1,36,518.75	1,30,845.87	1,17,256.87	98,090.39
Total equity and liabilities	7,44,745.22	6,07,501.59	5,17,759.73	4,57,177.78
Profit and Loss				
Total revenue From operations Other income	42,834.88	65,745.05	59,388.90	67,271.84
Total Expenses	30,066.39	44,578.25	40,099.61	44,455.64
Total comprehensive income Profit / loss Other comprehensive income	7,203.27	15,025.12	15,101.08	17,125.59
Profit / loss after tax	9,559.43	15,782.64	14,350.30	16,655.35
Earnings per equity share: (a) basic; and (b) diluted , Continuing operations,Discontinued operations Total Continuing and discontinued operations	17.49	28.87	26.25	30.47
Cash Flow				
Net cash generated from operating activities	-66,924.22	-82,084.26	-57,532.10	18,907.87
Net cash used in / generated from investing activities	-42,629.15	-80,531.22	-19,971.47	-710.85
Net cash used in financing activities	1,20,589.67	93,460.18	71,530.59	48,655.45
Cash and cash equivalents	27,349.84	96,505.14	1,02,478.12	35,625.65
Balance as per statement of cash flows	38,386.14	27,349.84	96,505.14	1,02,478.12
Additional Information				

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Net worth	1,36,518.75	1,30,845.87	1,17,256.87	98,090.39
Cash and Cash Equivalents	38,386.14	27,349.84	96,505.14	1,02,478.12
Current Investments	50,766.33	15,768.78	6,107.17	500
Assets Under Management	7,13,811.07	6,25,100.09	5,37,244.14	5,96,628.37
Off Balance Sheet Assets	1,17,329.48	1,16,482.85	1,32,268.69	2,64,079.16
Total Debts to Total assets	0.73	0.7	0.64	0.56
Debt Service Coverage Ratios	NA	NA	NA	NA
Interest Income	36,171.91	56,948.31	48,413.64	55,509.01
Interest Expense	20,367.63	31,953.79	26,449.08	27,220.31
Interest service coverage ratio	1.63	1.66	1.73	1.84
Provisioning & Write-offs	2,056.32	3,409.66	7,840.04	8,247.29
Bad debts to Account receivable ratio	0.42%	0.59%	0.84%	1.80%
Gross NPA (%)	2.19%	2.06%	1.59%	1.89%
Net NPA (%)	1.40%	1.18%	0.98%	1.32%
Tier I Capital Adequacy Ratio (%)	21.24%	23.08%	24.81%	27.62%
Tier II Capital Adequacy Ratio (%)	2.90%	3.27%	2.05%	2.08%

(e) **Debt: Equity Ratio of the Issuer**

Before the issue	4.06
After the issue	4.09

6.9 **Details of any other contingent liabilities of the issuer based on the last audited financial statements including amount and nature of liability**

Particulars	Amount (Rs. in lakhs)
I) Guarantees given on behalf of subsidiary company:	
a) To banks	
Amount of guarantees Rs. 1,000 lakhs	
Amount of loans outstanding	0
b) To National Housing Bank	
Amount of guarantees Rs. 500 lakhs	
Amount of loan outstanding	94.93

6.10 **A brief history of the Issuer since its incorporation giving details of its following activities:**

(a) **Details of Share Capital as on last quarter end, i.e., December 31, 2022:**

Share Capital	INR
Authorised	
6,40,00,000 Equity Shares of Rs. 10 each	64,00,00,000
2,20,00,000, 0.01% Compulsorily Convertible Cumulative Preference Shares of Rs. 10 each	22,00,00,000
2,20,00,000, 13.31% Compulsorily Convertible Cumulative Preference Shares of Rs. 10 each	22,00,00,000
400, 9.75% Compulsorily Convertible Cumulative Preference Shares of Rs. 1,00,000 each	4,00,00,000

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Total Authorised Share Capital	112,00,00,000
Issued, Subscribed and Paid-up	
Issued, Subscribed and Paid-up	54,66,20,430

- (b) **Changes in its capital structure as on last quarter end i.e., December 31, 2022, for the last three years:**

Date of Change (AGM/EGM)	Rs.	Particulars
NA		

- (c) **Equity Share Capital History of the Company for the last three years:**

Date of Allotment	No. of Equity /Preference Shares	Face Value (Rs)	Issue Price (Rs)	Consideration (Cash, other than cash, etc.)	Nature of Allotment	Cumulative			Remarks
						No. of Equity /Preference Shares	Equity /Preference Share Capital (Rs.)	Equity /Preference Share Premium (in Rs.)	
28.01.2014	6000000 Equity Shares	10	-	60000000 Bonus Shares	Cash	59471215	594860900	148750	Nil
13.05.2016	400 Preference Shares	100000	100000	40000000 Cash	Cash	59471615	634860900	148750	Nil
18.11.2016	24000188 Equity Shares	10	-	240001880 Bonus Shares	Cash	83471803	874862780	148750	Nil
30.03.2017	2955869 Equity Shares	10	338.31	1000000041 Cash	Cash	86427672	1874862821	970590101	Nil
19.04.2017	1034553 Equity Shares	10	338.31	349999625 Cash	Cash	87462225	2224862446	1310244197	Nil
12.09.2017	25141290 Preference Shares#	10	10	251412900 Conversion of CCCPs	Cash	62320935	1973449546	1310244197	Nil
12.09.2017	18329800 Preference Shares#	10	10	183298000 Conversion of CCCPs	Cash	43991135	1790151546	1310244197	Nil
12.09.2017	400 Preference Shares#	100000	100000	40000000 Conversion of CCCPs	Cash	43990735	1750151546	1310244197	Nil
12.09.2017	1739865 Equity Shares	10	124.93	217355450 Conversion of CCCPs	Cash	45730600	1967506996	1510206881	Nil

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12.09.2017	1280723 Equity Shares	10	169.71	217355450 Conversion of CCCPs	Cash	47011323	218486 2446	1714751 152	Nil
12.09.2017	87716 Equity Shares	10	456	877160 Conversion of CCCPs	Cash	47099039	222486 2446	1753872 488	Nil
21.09.2017	2470175 Equity Shares	10	202.33	499800000 Conversion of CCCPs	Cash	49569214	272466 2446	2228961 245	Nil
16.10.2017	4923747 Equity Shares	10	459	2259999873 Allotment to Public	Cash	54492961	498466 2319	4439723 648	Nil
16.10.2017	169082 Equity Shares	10	414	69999948 Allotment to Employees	Cash	54662043	5466204 30	4508032 776	Nil

Notes: # Shares are converted

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Complete Equity / Preference History:

Date of allotment	Type of Security allotted (Equity / Preference)	No. of equity / Preference shares	Face value (Rs.)	Issue price (Rs.)	Amount of issue (in Rs.)	Nature of consideration	Cumulative no. of equity/ Preference shares	Cumulative paid-up share capital (Amount in Rs.)
Incorporation	Equity	700	10	10	7000	CASH	700	7000
01.11.1995	Equity	95500	10	10	955000	CASH	96200	962000
15.12.1995	Equity	232000	10	10	2320000	CASH	328200	3282000
12.01.1996	Equity	227200	10	10	2272000	CASH	555400	5554000
30.03.1996	Equity	221600	10	10	2216000	CASH	777000	7770000
31.03.1996	Equity	914800	10	10	9148000	Other than Cash (Issued against taking stock on hire)	1691800	16918000
02.05.1996	Equity	50500	10	10	505000	CASH	1742300	17423000
01.07.1996	Equity	601000	10	10	6010000	CASH	2343300	23433000
30.09.1996	Equity	631400	10	10	6314000	CASH	2974700	29747000
31.03.1997	Equity	454600	10	10	4546000	CASH	3429300	34293000
22.07.1997	Equity	12700	10	10	127000	CASH	3442000	34420000
31.03.1998	Equity	8800	10	10	88000	CASH	3450800	34508000
11.10.1998	Equity	3800	10	10	38000	CASH	3454600	34546000
10.10.1998	Preference	9550	100	100	955000	CASH	3464150	35501000
10.10.2000	Preference*	9550	100	100	955000	CASH	3454600	34546000
31.03.2001	Equity	250000	10	10	2500000	CASH	3704600	37046000
31.03.2004	Equity	295400	10	10	2954000	CASH	4000000	40000000
31.07.2006	Preference	650000	100	100	65000000	CASH	4650000	105000000
01.12.2006	Equity	2000000	10	-	20000000	Bonus Shares	6650000	125000000
16.08.2007	Equity	3000000	10	-	30000000	Bonus Shares	9650000	155000000
31.03.2008	Equity	500000	10	10	5000000	CASH	10150000	160000000
23.04.2008	Preference	20000000	10	10	200000000	CASH	30150000	360000000
23.06.2008	Preference	20000000	10	10	200000000	CASH	50150000	560000000
19.08.2008	Preference	25141290	10	10	251412900	CASH	75291290	811412900
13.10.2008	Preference	18329800	10	10	183298000	CASH	93621090	994710900
14.08.2010	Preference*	650000	100	100	65000000	CASH	92971090	929710900
28.12.2011	Equity	500000	10	-	5000000	Bonus Shares	93471090	934710900
28.07.2012	Preference*	40000000	10	10	400000000	CASH	53471090	534710900
30.07.2012	Equity	125	10	1200	150000	CASH	53471215	534860900
28.01.2014	Equity	6000000	10	-	60000000	Bonus Shares	59471215	594860900
13.05.2016	Preference	400	100000	100000	40000000	CASH	59471615	634860900
18.11.2016	Equity	24000188	10	-	240001880	Bonus Shares	83471803	874862780
30.03.2017	Equity	2955869	10	338.31	1000000041	CASH	86427672	1874862821
19.04.2017	Equity	1034553	10	338.31	349999625	CASH	87462225	2224862446
12.09.2017	Preference#	25141290	10	10	251412900	Conversion of CCCPs	62320935	1973449546
12.09.2017	Preference#	18329800	10	10	183298000	Conversion of CCCPs	43991135	1790151546
12.09.2017	Preference#	400	100000	100000	40000000	Conversion of CCCPs	43990735	1750151546
12.09.2017	Equity	1739865	10	124.93	217355450	Conversion of CCCPs	45730600	1967506996
12.09.2017	Equity	1280723	10	169.71	217355450	Conversion of CCCPs	47011323	2184862446
12.09.2017	Equity	87716	10	456	877160	Conversion of	47099039	2224862446

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						CCCPs		
21.09.2017	Equity	2470175	10	202.33	499800000	Conversion CCDs	49569214	2724662446
16.10.2017	Equity	4923747	10	459	2259999873	Allotment to Public	54492961	4984662319
16.10.2017	Equity	169082	10	414	699999948	Allotment to Employees	54662043	5054662267

Note: *Shares are redeemed
Shares are converted

(d) **Details of any Acquisition or Amalgamation in the last 1 (one) year: Nil**

(e) **Details of any Reorganization or Reconstruction in the last 1 (one) year: Nil**

TYPE OF EVENT	DATE OF ANNOUNCEMENT	DATE OF COMPLETION	DETAILS
NA	NA	NA	NA

(f) **Details of the shareholding of the Company as at the latest quarter end, as per the format specified under the listing regulations:** The shareholding pattern of the Issuer as on December 31, 2022, prepared in accordance with the LODR Regulations is set out in **Annexure XII**.

As the Issuer is a listed company, the latest published information is available only up to December 31, 2022.

(g) **List of top 10 holders of equity shares of the Company as on the latest quarter end, i.e. December 31, 2022:**

Sr. No.	Particulars/Name of the shareholders	Total No. of Equity Shares	No. of Shares in demat form	Total shareholding as % of total no of equity shares
1.	Mrs. Shweta Kamlesh Gandhi	16338450	16338450	29.89
2.	Shri Mukesh Chimanlal Gandhi *	16156814	16156814	29.56
3.	Mr. Kamlesh Chimanlal Gandhi	6340508	6340508	11.60
4.	Vistra Itcl I Ltd Business Excellence Trust Iii India Business	4044579	4044579	7.40
5.	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund	1454666	1454666	2.66
6.	Prarthana Marketing Private Limited	1317557	1317557	2.41
7.	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Small Cap Fund	1216254	1216254	2.23
8.	Pgim India Trustees Private Limited A/C Pgim India Flexi Cap Fund	707100	707100	1.29
9.	Idfc Sterling Value Fund	700000	700000	1.28
10.	Idfc Tax Advantage (Elss) Fund	510000	510000	0.93

* Deceased

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6.11 Following details regarding the directors of the Company:

(a) Details of the current directors of the Company:

This table sets out the details regarding the Company's Board of Directors as on date of this Placement Memorandum:

NAME	DESIGNATION	DIN	AGE (IN YEARS)	ADDRESS	DATE OF APPOINTMENT	DETAILS OF OTHER DIRECTORSHIPS	WHETHER WILLFUL DEFAULTER (YES/NO)
Mr. Kamlesh C. Gandhi	Chairman & Managing Director	00044852	55	5/A , Kumar Society, Jivraj Park, Vejalpur, Ahmedabad - 380051, Gujarat	May 25, 1995	Swalamb MASS Financial Services Limited MAS Rural Housing & Mortgage Finance Limited Prarthna Marketing Pvt. Ltd. Finance Industry Development Council MASFin Insurance Broking Private Limited	No
Mrs. Darshana Saumil Pandya	Director & CEO	07610402	48	36 - Maruti Nandan Kutir, Nr, Shyam Villa-1, Gala Club Road, Bopal , Ahmedabad - 380058, Gujarat	September 23, 2016	MAS Rural Housing & Mortgage Finance Limited Swalamb MASS Financial Services Limited	No

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						Prarthna Marketing Pvt. Ltd. MASFin Insurance Broking Private Limited	
Mr. Bala Bhaskaran	Non-Executive Independent Director	00393346	70	A-404, Gala Marvella, South Bopal Near Safal Parisar, Bopal Daskroi Ahmedabad 380058 GJ IN	May 25, 1995	Swalamb MASS Financial Services Limited Kesavan Chandrika Foundation MAS Rural Housing & Mortgage Finance Limited	No
Mr. Chetan Shah	Non-Executive Independent Director	02213542	66	Sadar Pole, Kakar Khad, Nadiad - 387001, Gujarat,	June 6, 2008	MAS Rural Housing & Mortgage Finance Limited	No
Mr. Umesh Rajanikant Shah	Non-Executive Independent Director	07685672	64	104, Vatsraj Appartment, Opp. Shraddha School, Jodhpur Gam Road, Satellite, Ahmedabad 380015, Gujarat	December 21, 2016	NA	No
Mrs. Daksha Niranjani Shah	Non-Executive Independent Director	00376899	75	31, Viva Bungalow, B/H Ranjit Petrol Pump, Bodakdev	March 14, 2019	MAS Financial Services Limited Saline Area	No

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				, Thaltej, Dascroi, Ahmedab ad 380059 Gujarat.		Vitalisatio n Enterpris e Limited Sadbhav Infrastruc ture Project Limited Altura Financial Services Limited Sadbhav Udaipur Highway Private Limited Rohtak – Panipat Tollway Private Limited Rohtak – Hissar Tollway Private Limited Sadbhav Jodhpur Ring Road Private Limited Sadbhav Kim Expressw ay Private Limited Maharas htra Border Check Post Network Limited	

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(b) **Details of change in directors since last three years:**

NAME	DESIGNATION	DIN	DATE OF APPOINTMENT	DATE OF CESSATION, IF APPLICABLE	DATE OF RESIGNATION, IF APPLICABLE	REMARKS
Mrs. Daksha Shah	Independent Director	00376899	14/03/2019	-	-	-
Shri Mukesh C. Gandhi	Whole-time Director	00187086	25/05/1995	19/01/2021	NA	Due to death

6.12 **Following details regarding the auditors of the Issuer:**

(a) **Details of the auditor of the Issuer:**

NAME OF THE AUDITOR	ADDRESS	AUDITOR SINCE
Mukesh M. Shah & Co.	7th Floor, Heritage Chambers, Azad Society Road, B/h Bikanerwala / Sahajanand College, Nehrunagar, Ambawadi, Ahmedabad – 380015	August 11, 2021

(b) **Details of change in auditors since last three years:**

NAME OF THE AUDITOR	ADDRESS	DATE OF APPOINTMENT	DATE OF CESSATION, IF APPLICABLE	DATE OF RESIGNATION, IF APPLICABLE
BSR & Co. LLP	5 Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai – 400011.	Appointed on June 27, 2018	NA	August 11, 2021
Mukesh M. Shah & Co.	7th Floor, Heritage Chambers, Azad Society Road, B/h Bikanerwala / Sahajanand College, Nehrunagar, Ambawadi, Ahmedabad	Appointed on August 25, 2021	NA	NA

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6.13 Details of borrowings of the Company, as at the end of the last quarter or if available, a later date:

The information set out in (a) to (f) below has been disclosed as of December 31, 2022.

(a) Details of Outstanding Secured Loan Facilities:

NAME OF LENDER	TYPE OF FACILITY	AMOUNT SANCTIONED (IN INR)	PRINCIPAL AMOUNT OUTSTANDING (IN INR)	REPAYMENT DATE/SCHEDULE	SECURITY
Axis Bank	Term Loan	24.00	10.00	Repayable in 12 Quarterly installments from 30 June 2021	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Axis Bank	Term Loan	100.00	66.67	Repayable in 12 Quarterly installments from 31 March 2022	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Axis Bank	Term Loan	100.00	92.31	Repayable in 13 Quarterly installments from 29 December 2022	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Bank of India	Term Loan	80.00	47.95	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.
Bank of Maharashtra	Term Loan	150.00	112.50	Repayable in 20 Quarterly installments from 05 November 2021.	Exclusive charge by way of hypothecation of standard book debts/ receivables which are to be financed by the company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Bank of Baroda	Term Loan	200.00	150.00	Repayable in 12 Quarterly installments from 30 June 2022.	Exclusive first charge on the specific loan portfolio of the Borrower by way of hypothecation on the loan installments receivables. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.

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Bandhan Bank Ltd	Term Loan	125.00	93.75	Repayable in 36 monthly installments from 01 May 2022.	First Exclusive hypothecation charge on book debts created out of Bank Loan.
Bank of Maharashtra	Term Loan	150.00	135.00	Repayable in 20 Quarterly installments from 30 September 2022	Secured by exclusive charge by hypothecation of Standard Book Debt/Receivables which are to be financed by the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Canara Bank	Term Loan	100.00	74.98	Repayable in 20 Quarterly installments from 31 March 2022.	Exclusive charge by way of hypothecation of standard book debts/ receivables which are financed/ to be financed by the company out of the proposed term loan to the Company.
CSB BANK	Term Loan	50.00	45.83	Repayable in 36 monthly installments from 30th October 2022.	Exclusive Charge on Specific Book Debts/Loan receivables of the company (both present and future), with an asset cover ratio of 1.10times of loan outstanding.
DBS Bank	Term Loan	75.00	34.09	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 .
DBS Bank	Term Loan	50.00	40.91	Repayable in 33 monthly installments from 30 July 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
DHANLAXMI BANK	Term Loan	30.00	27.50	Repayable in 12 Quarterly installments from 23 December 2022.	Exclusive first charge by way of hypothecation of receivables created out of bank finance.
HDFC Bank	Term Loan	54	13.14	Repayable in 96 monthly installments from 7 April 2018.	First and exclusive charge on land, property and commercial property under construction.
HDFC Bank	Term Loan	7.50	0.65	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 .
HDFC Bank	Term Loan	30.00	2.59	Repayable in 36 monthly installments	Secured by a first and exclusive charge on specific receivables of the Company

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				from 7 April 2020.	created out of the loan availed .
HDFC Bank	Term Loan	12.50	1.08	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 .
HDFC Bank	Term Loan	7.50	3.17	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 .
HDFC Bank	Term Loan	30.00	12.67	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 .
HDFC Bank	Term Loan	12.50	5.28	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 .
HDFC Bank	Term Loan	7.50	3.99	Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
HDFC Bank	Term Loan	30.00	15.96	Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
HDFC Bank	Term Loan	12.50	6.65	Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
HDFC Bank	Term Loan	7.50	5.05	Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
HDFC Bank	Term Loan	30.00	20.18	Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
HDFC Bank	Term Loan	12.50	8.41	Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .

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HDFC Bank	Term Loan	46.00	37.24	Repayable in 36 monthly installments from 7 June 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
HDFC Bank	Term Loan	100.00	91.69	Repayable in 36 monthly installments from 7 October 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Indian Bank	Term Loan	100.00	55.59	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.
Indian Bank	Term Loan	100.00	83.33	Repayable in 18 Quarterly installments from 24 September 2022.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
ICICI BANK	Term Loan	50.00	45.00	Repayable in 10 Quarterly installments from 14 December 2022.	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
IDFC FIRST BANK LTD	Term Loan	200.00	93.75	Repayable in 16 Quarterly installments from 31 December 2022	An exclusive of present and future Book debts and Receivables with a security cover of 1..1x
Kotak Mahindra Bank	Term Loan	100.00	83.33	Repayable in 12 Quarterly installments from 29 September 2022	First & Exclusive charge by way of hypothecation on the Borrower's specific existing and future loan receivables
Karnataka Bank	Term Loan	50.00	29.15	Repayable in 12 Quarterly installments from 16 December 2021.	Exclusive charge by way of Hypothecation of book debt/receivables arising out of bank financial assets of the borrower.
State Bank of India	Term Loan	100.00	6.50	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

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					Gandhi.
State Bank of India	Term Loan	200.00	38.25	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.
SBM India	Term Loan	20.00	11.25	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.
Federal bank	Term Loan	40.00	16.67	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 .
The Federal Bank Ltd	Term Loan	40.00	33.13	Repayable in 36 monthly installments from 29 July 2022.	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 .
Union Bank of India	Term Loan	200.00	77.10	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.
Union Bank of India	Term Loan	100.00	68.40	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.
Union Bank of India	Term Loan	300.00	240.00	Repayable in 20 Quarterly installments from 31 March 2022.	Exclusive charge by the way of hypothecation on specific receivables of the Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
UTKARSH SMALL FINANCE BANK	Term Loan	30.00	26.67	Repayable in 36 monthly installments from 25 September 2022.	First and exclusive charge on Book Debts/Loan assets of the Company

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ADITYA BIRLA FINANCE LTD.	Term Loan	40.00	36.67	Repayable in 12 Quarterly installments from 05 October 2022.	Exclusive Charge on <30 dpd receivables
Bajaj Finance Limited	Term Loan	25.00	1.39	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.
Bajaj Finance Limited	Term Loan	34.00	11.33	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.
Bajaj Finance Limited	Term Loan	16.00	6.67	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.
Bajaj Finance Limited	Term Loan	50.00	29.17	Repayable in 36 monthly installments from 31 October 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
BAJAJ FINANCE LTD.	Term Loan	74.50	68.29	Repayable in 36 monthly installments from 5 October 2022.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
National Bank for Agriculture and Rural Development	Term Loan	200.00	130.00	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.
Small Industries Development Bank of India	Term Loan	150.00	150.00	Repayable in 30 monthly installments from 10 January 2023.	Exclusive charge by way of hypothecation on book debts and receivables of the Secured loans provided by the Primary Intermediary (PI) to Secondary Intermediaries (SI)
Small Industries Development Bank of India	Term Loan	150.00	138.00	Repayable in 30 monthly installments from 10 February 2023.	Exclusive charge by way of hypothecation on book debts and receivables of the Secured loans provided by the Primary Intermediary (PI) to Secondary Intermediaries (SI)

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SUNDARAM FINANCE LIMITED	Term Loan	100.00	92.55	Repayable in 36 monthly installments from 10 October 2022.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company
State Bank of India	Term Loan	400.00	300.00	Repayable in 20 Quarterly installments from 31 January 2023.	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.
Indian Bank	Term Loan	300.00	150.00	Repayable in 20 Quarterly installments from 29 March 2023.	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.
South Indian Bank	Term Loan	20.00	20.00	Repayable in 12 Quarterly installments from 31 March 2023.	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 .
Bank of India	Overdraft against FD	57.00	0.00	N.A.	Secured against Fixed Deposit
IDBI Bank Ltd.	Overdraft against FD	46.25	0.00	N.A.	Secured against Fixed Deposit
South Indian Bank	Overdraft against FD	33.25	0.00	N.A.	Secured against Fixed Deposit
Indian Bank	Overdraft against FD	37.04	0.00	N.A.	Secured against Fixed Deposit
Indian Overseas Bank	Overdraft against FD	24.46	0.00	N.A.	Secured against Fixed Deposit
Tamilnad Mercantile Bank	Overdraft against FD	33.25	0.00	N.A.	Secured against Fixed Deposit
SBM India	Overdraft against FD	25.00	0.00	N.A.	Secured against Fixed Deposit
Jana Small Finance Bank	Overdraft against FD	23.75	0.00	N.A.	Secured against Fixed Deposit
Bank of Baroda	Cash Credit	400.00	218.88	N.A.	hypothecation of movable assets of the Company and goods covered under hypothecation ("HP") agreements / Loan cum HP agreements and book debts, receivables, loans
State Bank of India	Cash Credit	290.00	217.00		
Bank of India	Cash Credit	100.00	100.00		
IDBI Bank Ltd.	Cash Credit	150.00	100.00		

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BARODA GUJARAT GRAMIN BANK	Cash Credit	30.00	30.00	and advances and entire portfolio outstanding (except specific portfolio generated from various term loans sanctioned by various banks/financial institutions on an exclusive basis) and equitable mortgage/negative lien by deposit of title deeds on some of the Company's immovable properties, as collateral security. The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi, Mrs. Shweta Kamlesh Gandhi and Legal heirs of Late Mr. Mukesh Chimanlal Gandhi.
South Indian Bank	Cash Credit	30.00	30.00	
Indian Bank	Cash Credit	200.00	199.97	
Indian Overseas Bank	Cash Credit	50.00	50.00	
Bank of Maharashtra	Cash Credit	60.00	60.00	
Union Bank of India	Cash Credit	120.00	119.93	
Punjab National Bank	Cash Credit	250.00	150.00	
Tamilnad Mercantile Bank	Cash Credit	30.00	30.00	
IDFC FIRST BANK LTD	Cash Credit	100.00	49.92	
INDUSIND BANK LTD	Cash Credit	75.00	74.50	

(b) **Details of Outstanding Unsecured Loan Facilities:**

NAME OF LENDER	TYPE OF FACILITY	AMOUNT SANCTIONED (IN INR)	PRINCIPAL AMOUNT OUTSTANDING (IN INR)	REPAYMENT DATE/SCHEDULE
Bajaj Finance Limited	Term Loan	25	25	Bullet Repayment on 17 August, 2026.

(c) **Details of Outstanding Non-Convertible Securities:**

SERIES OF NCS	TENOR / PERIOD OF MATURITY	COUPON	AMOUNT (IN INR)	DATE OF ALLOTMENT	REDEMPTION DATE / SCHEDULE	CREDIT RATING	SECURED / UNSECURED	SECURITY
400, 14.00% Unsecured, Redeemable, Non-Convertible	84 Months	13.00%	40,00,00,000	22-06-2015	22-06-2022	ICRA A	Unsecured	-

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Debentures of Rs. 10 lakhs each								
1000 (One Thousand) Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-Convertible Debentures Each with a Face Value of Rs. 10,00,000	18 Months	9.00%	1,00,00,00,000	24-07-2020	24-01-2022	CARE A+	Secured	The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified standard receivables ("Hypothecated Receivables") to maintain the value of security at all times equal to 1.10x (One Decimal One Zero times) or 110.0% (One Hundred and Ten Percent) the aggregate amount of principal outstanding (including accrued interest) of the NCDs.
500 (Five Hundred) Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-Convertible	18 Months	9.00%	50,00,00,000	30-07-2020	30-01-2022	CARE A+	Secured	The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified

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le Debentur es each with a face value of Rs. 10,00,00 0								standard receivables ("Hypothec ated Receivables ") to maintain the value of security at all times equal to 1.10x (One Decimal One Zero times) or 110.0% (One Hundred and Ten Percent) the aggregate amount of principal outstanding (including accrued interest) of the NCDs.
1000 (One Thousand) Rated, Senior, Redeema ble, Taxable, Transfera ble, Listed, Non- Convertib le Debentur es each with a face value of Rs. 10,00,00 0	18 Months	9.00%	1,00,00,00, 000	19-08- 2020	19-02- 2022	CARE A+	Secured	The Debentures shall be secured by way of a first ranking, exclusive and continuing charge on identified standard receivables ("Hypothec ated Receivables ") to maintain the value of security at all times equal to 1.10x (One Decimal One Zero times) or 110.0%

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								(One Hundred and Ten Percent) the aggregate amount of principal outstanding (including accrued interest) of the NCDs.
6,500 (six thousand five hundred) Rated, Senior, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures each having a face value of INR 1,00,000	24 Months	(a) 8.80% (XIRR), if the Reference Index Performance is greater than 75% ; and/or (b) 8.75% (XIRR), if the Reference Index Performance is equal to or lesser than 75% but greater than 25% ; and/or (c) 0% (XIRR), if the Reference Index Performance is lesser than or equal to 25% .	65,00,00,000	30-03-2021	30-03-2023	CARE PP-MLD A+; Stable	Secured	The Issue shall be secured by way of a first ranking exclusive and continuing charge to be created pursuant to the deed of hypothecation to be executed between the Issuer and the Debenture Trustee ("Deed of Hypothecation") over certain identified receivables of the Issuer (the "Hypothecated Assets"). A security cover of 1.1x the value of the outstanding principal amounts of the Debentures shall always be maintained until the

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								redemption of the Debentures ("Security Cover").
10,000 (Ten thousand) Rated, Senior, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures each having a face value of INR 1,00,000	30 Months	(a) 8.50% (XIRR), if the Reference Index Performance is greater than 75% ; and/or (b) 8.45% (XIRR), if the Reference Index Performance is equal to or lesser than 75% but greater than 25% ; and/or (c) 0% (XIRR), if the Reference Index Performance is lesser than or equal to 25% .	1,00,00,00,000	23-06-2021	23-12-2023	CARE PP-MLD A+; Stable	Secured	The Issue shall be secured by way of a first ranking exclusive and continuing charge to be created pursuant to the deed of hypothecation to be executed between the Issuer and the Debenture Trustee ("Deed of Hypothecation") over certain identified receivables of the Issuer (the "Hypothecated Assets"). A security cover of 1.1x the value of the outstanding principal amounts of the Debentures shall always be maintained until the redemption of the Debentures ("Security Cover").

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1,000 (One thousand) Rated, Senior, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures each having a face value of INR 10,00,000	24 Months 1Day	(a) 8.50% (XIRR), if the Reference Index Performance is greater than 75% ; and/or (b) 8.45% (XIRR), if the Reference Index Performance is equal to or lesser than 75% but greater than 25% ; and/or (c) 0% (XIRR), if the Reference Index Performance is lesser than or equal to 25% .	1,00,00,00,000	17-09-2021	18-09-2023	CARE PP-MLD A+; Stable	Secured	The Issue shall be secured by way of a first ranking exclusive and continuing charge to be created pursuant to the deed of hypothecation to be executed between the Issuer and the Debenture Trustee ("Deed of Hypothecation") over certain identified receivables of the Issuer (the "Hypothecated Assets"). A security cover of 1.1x the value of the outstanding principal amounts of the Debentures shall always be maintained until the redemption of the Debentures ("Security Cover").

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(d) **List of Top 10 holders of non-convertible securities in terms of value (in cumulative basis)**

SR. NO.	NAME OF HOLDER OF NON-CONVERTIBLE SECURITIES	AMOUNT (IN INR in Lacs)	% OF TOTAL NON-CONVERTIBLE SECURITIES OUTSTANDING
1	S K FINANCE LIMITED	3950	4.58%
2	NORTHERN ARC MONEY MARKET ALPHA TRUST	3750	4.35%
3	BALKRISHNA INDUSTRIES LIMITED	3000	3.48%
4	OFB TECH PRIVATE LIMITED .	2450	2.84%
5	CREDAVENUE SECURITIES PRIVATE LIMITED	2040	2.37%
7	AMBIT FINVEST PRIVATE LIMITED	2000	2.32%
6	KAIRUS SHAVAK DADACHANJI	1500	1.74%
8	HINDUJA LEYLAND FINANCE LIMITED	1490	1.73%
9	SHARADHA TERRY PRODUCTS PRIVATE LIMITED	1390	1.61%
10	SIDDHANT KESHWANI	1000	1.16%
10	NAWAL KISHORE SINGH	1000	1.16%
10	PAYAL PROPERTIES PVT LTD	1000	1.16%
10	ARCHANA SURANA	1000	1.16%

(e) **Details of Outstanding Commercial Paper as at the end of the last quarter, i.e., December 31, 2022, in the following format:**

S. NO.	ISIN OF COMMERCIAL PAPER	MATURITY DATE	AMOUNT OUTSTANDING
Nil			

(f) **Details of the Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares):**

NAME OF PARTY (IN CASE OF FACILITY)/ NAME OF INSTRUMENT	TYPE OF FACILITY / INSTRUMENT	AMOUNT SANCTIONED/ ISSUED	PRINCIPAL AMOUNT OUTSTANDING	DATE OF REPAYMENT/ SCHEDULE	CREDIT RATING	SECURED / UNSECURED	SECURITY
Nil							

6.14 **Details of any outstanding borrowings taken/ debt securities issued for consideration other than cash. This information shall be disclosed whether such borrowing/ debt securities have been taken/ issued: (i) in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option or not:**

Nil

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- 6.15 **Where the issuer is a Non-Banking Finance Company or Housing Finance Company the following disclosures on Asset Liability Management (ALM) shall be provided for the latest audited financials**

S. NO.	PARTICULARS OF DISCLOSURE	DETAILS
1.	Details with regard to lending done out of the issue proceeds of earlier issuances of debt securities (whether public issue or private placement) by NBFC	Lending Policy: Please refer Section 9. Classification of Loans given to associate or entities related to Board, Senior management, promoters, etc: Please refer Section 9. Classification of loans into several maturity profile denomination: Please refer Section 9. Aggregated exposure to top 20 borrowers: Please refer Section 9. Details of loans, overdue and classified as Non performing assets (NPA): Please refer Section 9.
2.	Details of borrowings made by NBFC	Portfolio Summary of borrowings made by NBFC: Please refer Section 9. Quantum and percentage of Secured vs. Unsecured borrowings: Please refer Section 9.
3.	Details of change in shareholding	Any change in promoters holding in NBFC during last financial year beyond the threshold prescribed by Reserve Bank of India: Please refer Section 9.
4.	Disclosure of Assets under management	Segment wise break up and Type of loans: Please refer Section 9.
5.	Details of borrowers	Geographical location wise: Please refer Section 9.
6.	Details of Gross NPA	Segment wise: Please refer Section 9.
7.	Details of Assets and Liabilities	Residual maturity profile wise into several bucket: Please refer Section 9.
8.	Additional details of loans made by, Housing Finance Company	N.A.
9.	Disclosure of latest ALM statements to stock exchange	Please refer Section 9.

- 6.16 **Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Company, in the past 3 years including the current financial year:**

Nil

- 6.17 **Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, litigations resulting in**

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material liabilities, corporate restructuring event etc) at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the non-convertible securities.

Nil

- 6.18 **Any litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of prospectus against the promoter of the Company:**

Nil

- 6.19 **Details of default and non-payment of statutory dues**

Nil

- 6.20 **The names of the debenture trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given its consent for appointment along with the copy of the consent letter from the debenture trustee.**

The Debenture Trustee for the proposed issuance of Debentures is Catalyst Trusteeship Limited. Debenture Trustee has given its written consent for its appointment as debenture trustee to the Issue and inclusion of its name in the form and context in which it appears in this Placement Memorandum and in all the subsequent periodical communications sent to the Debenture Holders. The consent letter from Debenture Trustee is provided in **Annexure III** of this Placement Memorandum.

- 6.21 **If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document**

Not Applicable

- 6.22 **Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention:** Please refer Annexure VI.

- (a) ***The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made, should be disclosed:*** Interest and all other charges shall accrue based on an actual/actual basis.
- (b) ***Procedure and time schedule for allotment and issue of securities should be disclosed:*** Please refer Section 6.5 and Section 10.
- (c) ***Cash flows emanating from the non-convertible securities shall be mentioned in the offer document, by way of an illustration:*** Please refer Annexure VI.

- 6.23 **Disclosures pertaining to wilful defaulter:**

- (a) **The following disclosures shall be made if the issuer or its promoter or director is declared wilful defaulter:**
 - (i) ***Name of the bank declaring as a wilful defaulter:*** Not Applicable
 - (ii) ***The year in which it was declared as a wilful defaulter:*** Not Applicable
 - (iii) ***Outstanding amount when declared as a wilful defaulter:*** Not Applicable

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- (iv) ***Name of the entity declared as a wilful defaulter:*** Not Applicable
- (v) ***Steps taken, if any, for the removal from the list of wilful defaulters:*** Not Applicable
- (vi) ***Other disclosures, as deemed fit by the issuer in order to enable investors to take informed decisions:*** Not Applicable
- (vii) ***Any other disclosure as specified by the Board:*** Not Applicable
- (b) **The fact that the issuer or any of its promoters or directors is a wilful defaulter shall be disclosed prominently on the cover page with suitable cross-referencing to the pages:**
Not Applicable

6.24 **Undertaking by the Issuer:** Please refer Section 7.1.

6.25 **Risk Factors:** Please refer Section 4.

6.26 **Attestation by Directors:** Please refer Section 7.3.

6.27 **Disclosure in case of non-convertible preference shares:** Not Applicable.

6.28 **Other details:**

- (a) ***Creation of Debenture Redemption Reserve (DRR) / Capital Redemption Reserve (CRR) - relevant legislations and applicability:***
 - (i) It is hereby clarified that as on the Effective Date, pursuant to the Companies (Share Capital and Debenture Rules), 2014, non-banking financial companies registered with the RBI are exempted from the requirement to maintain a debenture redemption reserve ("**DRR**") in case of privately placed debentures.
 - (ii) The Issuer hereby agrees and undertakes that, if required under Applicable Law, it will create a DRR in accordance with the provisions of the Act (and the rules and regulations made thereunder) and the guidelines issued by the relevant Governmental Authorities.
 - (iii) If during the tenor of the Debentures, any guidelines are formulated (or modified or revised) by any Governmental Authority in respect of creation of the DRR, the Issuer shall abide by such guidelines and shall do all deeds, acts and things as may be required by the Debenture Trustee.
 - (iv) Where applicable, the Issuer shall submit to the Debenture Trustee a certificate duly certified by a chartered accountant certifying that the Issuer has transferred the required amount to the DRR at the end of each Financial Year.
 - (v) In addition to the foregoing, to the extent required by Applicable Law, the Issuer shall invest or deposit amounts up to such thresholds, and in such form and manner and within the time periods, as may be prescribed by Applicable Law, in respect of any amounts of the Debentures maturing in any Financial Year.
- (b) ***Issue/instrument specific regulations - relevant details (Companies Act, Reserve Bank of India guidelines, etc.):***

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The Issue of Debentures shall be in conformity with the applicable provisions of the Companies Act including the relevant notified rules thereunder, the SEBI Debt Listing Regulations, the LODR Regulations, the Debenture Trustees Regulations, the SEBI Listed Debentures Circulars, and RBI guidelines and SEBI guidelines applicable to issuance of non-convertible debentures by NBFCs on a private placement basis.

(c) **Default in Payment:**

Please refer the sections named "*Default Interest Rate*" and "*Additional Disclosures (Default in Payment)*" of Section 8.1 (*Summary Terms*) in respect of the additional interest in the event of a Payment Default.

Please also refer Section 8.2.6.2(a) in respect of an event of default arising due to a non-payment by the Issuer.

(d) **Delay in Listing:**

Please refer the section named "*Listing (name of stock Exchange(s) where it will be listed and timeline for listing)*" of Section 8.1 (*Summary Terms*) in relation to the listing requirements in respect of the Debentures and section named "*Additional Disclosures (Delay in Listing)*" of Section 8.1 (*Summary Terms*) in respect of the default interest in the event of delay in listing.

(e) **Delay in allotment of securities:**

- (i) The Company shall ensure that the Debentures are allotted to the respective Debenture Holders and are credited into the demat accounts of the relevant Debenture Holders within the timelines prescribed under the SEBI Listing Timelines Requirements.
- (ii) The Debentures shall be deemed to be allotted to the Debenture Holders on the Deemed Date of Allotment. All benefits relating to the Debentures are available to the Debenture Holders from the Deemed Date of Allotment.
- (iii) If the Company fails to allot the Debentures to the Applicants within 60 (sixty) calendar days from the date of receipt of the Application Money ("**Allotment Period**"), it shall repay the Application Money to the Applicants within 15 (fifteen) calendar days from the expiry of the Allotment Period ("**Repayment Period**").
- (iv) If the Company fails to repay the Application Money within the Repayment Period, then Company shall be liable to repay the Application Money along with interest at 12% (twelve percent) per annum, gross of withholding taxes, from the expiry of the Allotment Period.

(f) **Issue details:** Please refer Section 8.

(g) **Application process:** The application process for the Issue is as provided in Section 10 of this Placement Memorandum.

(h) **Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities) Rules, 2014 but not contained in this schedule, if any:** The finalised form of the PPOA prepared in accordance with the Form PAS 4 prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014 is provided as **Annexure XIII**. Please refer **Annexure XIII** for all disclosures required under the Companies (Prospectus and Allotment of Securities) Rules, 2014 are set out therein.

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- (i) ***Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project:*** Not applicable.

6.29 **Details in case of non-convertible redeemable preference shares issue:** Not Applicable.

6.30 **Summary Terms:** Please refer Section 8.1.

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SECTION 7: UNDERTAKINGS AND DISCLOSURES BY THE ISSUER AND DIRECTORS

7.1 UNDERTAKING BY THE ISSUER

- (a) Investors are advised to read the risk factors (set out in Section 4) carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities/Debentures have not been recommended or approved by the any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.

Specific attention of investors is invited to the statement of 'Risk factors' given on page number 21 under the section 'General Risks'.

- (b) The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Offer Document/Placement Memorandum contains all information with regard to the Issuer and the Issue, that the information contained in the offer document/Placement Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Offer Document/Placement Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
- (c) The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the Offer Document/Placement Memorandum. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

7.2 UNDERTAKING ON SECURITY

Not applicable. The Debentures are unsecured and subordinated debt instruments.

7.3 ATTESTATION BY DIRECTORS

The directors of the Issuer hereby attest as follows:

- (a) The Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act, 2013 and the rules and regulations made thereunder.
- (b) The compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of non-convertible securities, is guaranteed by the Central Government.
- (c) The monies received under the offer shall be used only for the purposes and objects indicated in the Offer Document/Placement Memorandum.
- (d) Whatever is stated in this form/Placement Memorandum and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form/Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

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(e) General Risk:

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section 4 of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

On behalf of the directors of the Issuer:

Riddhi Bhayani
Company Secretary & Compliance Officer
A41206

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SECTION 8: TERMS OF THE ISSUE

8.1 SUMMARY TERMS

Security Name (Name of the non-convertible securities which includes (Coupon/dividend, Issuer Name and maturity year) e.g. 8.70% XXX 2015.	10.75 % MAS Financial Services Limited 2028
Issuer	MAS Financial Services Limited
Type of Instrument	Rated, listed, subordinated, unsecured, redeemable, taxable, transferable, non-convertible debentures
Nature of Instrument (Secured or Unsecured)	Unsecured
Seniority (Senior or Subordinated)	Subordinated
Eligible Investors	As specified in Section 10.16 (<i>Eligible Investors</i>).
Listing (name of stock Exchange(s) where it will be listed and timeline for listing)	(a) The Issuer shall submit all duly completed documents to the BSE, SEBI, the jurisdictional registrar of companies or any other Governmental Authority, as are required under Applicable Law and obtain the listing of the Debentures within the timelines prescribed under the SEBI Listing Timelines Requirements ("Listing Period"). (b) The Issuer shall ensure that the Debentures continue to be listed on the wholesale debt market segment of the BSE. (c) The Issuer shall ensure that the Debentures at all times are rated in accordance with the provisions of the Transaction Documents and that the rating of the Debentures is not withdrawn until the Final Settlement Date. (d) In the event there is any delay in listing of the Debentures beyond the Listing Period, the Issuer will pay to the Debenture Holders, penal interest of 1% (one percent) per annum over the Interest Rate, from the Deemed Date of Allotment until the listing of the Debentures is completed.
Rating of the Instrument	"CARE A+/Stable" by CARE Ratings Limited
Issue Size	The Debentures are being issued at the aggregate face value of up to INR 50,00,00,000 (Indian Rupees Fifty Crore)
Minimum Subscription	100 (one hundred) Debenture(s) (being INR 1,00,00,000 (Indian Rupees One Crore)), and in the multiples of 1 (one) Debenture (being INR 1,00,000 (Indian Rupees One Lakh)) thereafter
Option to retain oversubscription (Amount)	N.A.
Objects of the Issue / Purpose for which there is requirement of funds	(a) The funds raised by the Issue shall be utilized by the Issuer to augment the Issuer's Tier II Capital and enhance the capital adequacy of the Issuer, and to finance the asset growth of the Issuer ("Purpose"). (b) Without prejudice to paragraph (a) above, the Issuer shall not use the

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	proceeds of the Issue towards: (i) capital markets (including equity, debt, debt linked and equity linked instruments or any other capital market activities), whether directly or indirectly; (ii) any speculative purposes; (iii) land acquisition; (iv) any purpose, that is not eligible for the providing of financing by banks to non-banking financial companies for bank finance to non-banking financial companies, or, which results in a breach of the RBI's master circular no. DOR.CRE.REC.No.77/21.04.172/2021-22 dated January 5, 2022 on "<i>Bank Finance to Non-Banking Financial Companies (NBFCs)</i>"; (v) investment in the real estate sector and/or any other real estate business. The expression "real estate business" has the meaning given to it in the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019; and/or (vi) in contravention of any Applicable Law (including but not limited to the NBFC Directions and the guidelines, rules or regulations of the RBI applicable to non-banking financial companies).
In case the issuer is a NBFC and the objects of the issue entail loan to any entity who is a 'group company' then disclosures shall be made in the following format:	Not applicable
Details of the utilization of the Proceeds	(a) The funds raised by the Issue shall be utilized by the Issuer to augment the Issuer's Tier II Capital and enhance the capital adequacy of the Issuer, and to finance the asset growth of the Issuer. (b) Without prejudice to paragraph (a) above, the Issuer shall not use the proceeds of the Issue towards: (i) capital markets (including equity, debt, debt linked and equity linked instruments or any other capital market activities), whether directly or indirectly; (ii) any speculative purposes; (iii) land acquisition; (iv) any purpose, that is not eligible for the providing of financing by banks to non-banking financial companies for bank finance to non-banking financial companies, or, which results in a breach of the RBI's master circular no. DOR.CRE.REC.No.77/21.04.172/2021-22 dated January 5, 2022 on "<i>Bank Finance to Non-Banking Financial Companies</i>

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	(NBFCs)"); (v) investment in the real estate sector and/or any other real estate business. The expression "real estate business" has the meaning given to it in the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019; and/or (vi) in contravention of any Applicable Law (including but not limited to the NBFC Directions and the guidelines, rules or regulations of the RBI applicable to non-banking financial companies).
Coupon/Dividend Rate	The Interest on the Outstanding Principal Amounts shall accrue at the interest rate of 10.75% (ten decimal seven five percent) per annum from the Deemed Date of Allotment until the Debentures are repaid in full and shall be payable on each Interest Payment Date. The proposed/indicative cash flows are set out in Annexure VI of below.
Step Up/Step Down Coupon Rate	Not applicable.
Coupon/Dividend Payment Frequency	Monthly. The indicative cash flows are set out in Annexure VI below.
Coupon/Dividend Payment Dates	The indicative cash flows (and the interest payment dates) are set out in Annexure VI below.
Cumulative / non cumulative, in case of dividend	Not Applicable.
Coupon Type (Fixed, floating or other structure)	Fixed.
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).	Not Applicable.
Day Count Basis (Actual/Actual)	Interest and all other charges shall accrue based on an actual/actual basis.
Interest on Application Money	(a) Interest at the Interest Rate (subject to deduction of tax at source, as applicable) will be paid on the Application Money to the Applicants from the date of receipt of such Application Money up to (and including) the day occurring 1 (one) day prior to the Deemed Date of Allotment for all valid applications, within 5 (five) Business Days from the Deemed Date of Allotment. Where pay-in date of the Application Money and the Deemed Date of Allotment are the same, no interest on Application Money will be payable. (b) Where the entire subscription amount has been refunded, the interest on Application Money will be paid along with the refunded amount to the bank account of the Applicant as described in the Application Form by electronic mode of transfer such as (but not limited to) RTGS/NEFT/direct credit. (c) Where an Applicant is allotted a lesser number of Debentures than applied for, the excess amount paid on application will be refunded to the Applicant in the bank account of the Applicant as described in the Application Form towards interest on the refunded money by electronic mode of transfer like RTGS/NEFT/direct credit. Details of

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	allotment will be sent to every successful Applicant.
Default Interest Rate	(a) If, at any time, a Payment Default occurs, the Issuer agrees to pay an additional interest rate of 2% (two percent) per annum above the applicable Interest Rate on the Outstanding Amounts from the date of the occurrence of such Payment Default until such Payment Default is cured or the Debentures are fully redeemed by the Issuer (whichever is earlier), on each Interest Payment Date occurring during the aforementioned period. (b) If, at any time, a breach of any term, covenant, obligation, representation or warranty of the Issuer and any other obligations of the Issuer under the Transaction Documents occurs, the Issuer agrees to pay an additional interest rate of 2% (two percent) per annum above the applicable Interest Rate on the Outstanding Amounts from the date of occurrence of such breach until such breach is cured or the Debentures are fully redeemed by the Issuer (whichever is earlier), on each Interest Payment Date occurring during the aforementioned period. PROVIDED THAT no additional interest will be payable pursuant to this paragraph (b) if any additional interest is being paid by the Issuer pursuant to paragraph (a) above. (c) Each of the actions mentioned in this sub-section named "<i>Default Interest Rate</i>" are subject to Applicable Law and the prior approval of the RBI (if so required).
Tenor	67 (sixty seven) months from the Deemed Date of Allotment.
Redemption Date	October 27, 2028
Redemption Amount	INR 1,00,000 (Indian Rupees One Lakh) per Debenture. The Debentures shall be redeemed on a <i>pari passu</i> basis by the Issuer by making payment of the Outstanding Principal Amounts on the Final Redemption Date in accordance with Annexure VI below.
Redemption Premium/Discount	Not Applicable.
Issue Price	INR 1,00,000 (Indian Rupees One Lakh) per Debenture.
Discount at which security is issued and the effective yield as result of such discount	Not Applicable.
Put Date	Not Applicable.
Put Price	Not Applicable.
Call Date	Not Applicable.
Call Price	Not Applicable.
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	Not Applicable.
Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	Not Applicable.
Face Value	INR 1,00,000 (Indian Rupees One Lakh) per Debenture

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Minimum subscription amount and in multiples thereafter	100 (one hundred) Debenture(s) (being INR 1,00,00,000 (Indian Rupees One Crore)), and in the multiples of 1 (one) Debenture (being INR 1,00,000 (Indian Rupees One Lakh)) thereafter
Issue Timing	
1. Issue Opening Date	March 24, 2023
2. Issue Closing Date	March 24, 2023
3. Date of earliest closing of the issue, if any.	N.A.
4. Pay-in Date	March 27, 2023
5. Deemed Date of Allotment	March 27, 2023
Settlement Mode of the Instrument	RTGS / NEFT
Depository	NSDL and CDSL
Disclosure of Interest/Dividend/ redemption dates	Please refer Annexure VI below for the indicative cash flows.
Record Date	15 (fifteen) calendar days prior to each Due Date.
All covenants of the issue (including side letters, accelerated payment clause, etc.)	To be more particularly set out in the DTD and the other Transaction Documents. Please also refer Section 8.2 (<i>Terms of the Transaction Documents</i>) below for an indicative list of representations and warranties of the Issuer, covenants, undertakings and consequences of an event of default. All other covenants prescribed by/commercially agreed with the proposed investors are set out in this Section 8.1 (<i>Summary Terms</i>).
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Placement Memorandum	Not Applicable. The Debentures are unsecured and subordinated debt instruments.
Transaction Documents	means: (a) the DTD; (b) the Debenture Trustee Agreement; (c) the Debt Disclosure Documents; (d) the letters issued by the, and each memorandum of understanding/agreement entered into with, the Rating Agency, the Debenture Trustee and/or the Registrar;

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	(e) each tripartite agreement between the Issuer, the Registrar and the relevant Depository; and (f) any other document that may be designated as a Transaction Document by the Debenture Trustee or the Debenture Holders, and "Transaction Document" means any of them.
Conditions precedent to Disbursement	The Issuer shall fulfil the following conditions precedent, to the satisfaction of the Debenture Trustee/the Applicants, prior to the Deemed Date of Allotment, by submitting and providing to the Debenture Trustee/the Applicants: CORPORATE AUTHORISATIONS (a) copies of the Constitutional Documents certified as correct, complete and in full force and effect by the appropriate officer; (b) a copy of the resolution of the board of directors of the Issuer and any resolution of any committee of the board of directors (if so applicable) authorizing the execution, delivery and performance of the Transaction Documents certified as correct, complete and in full force and effect by an appropriate officer of the Issuer; (c) a copy of the resolution of the shareholders of the Issuer under Sections 180(1)(c) of the Act, certified as correct, complete and in full force and effect by an appropriate officer of the Issuer; (d) (if so required) a copy of the resolution of the shareholders of the Issuer under Section 42 of the Act, certified as correct, complete and in full force and effect by an appropriate officer of the Issuer; TRANSACTION DOCUMENTS (e) execution, delivery and stamping of the Transaction Documents in a form and manner satisfactory to the Debenture Trustee; CERTIFICATES AND LETTERS (f) a copy of the rating letter and the rating rationale issued by the Rating Agency in relation to the Debentures; (g) a copy of the consent from the Debenture Trustee to act as the debenture trustee for the Issue; (h) a copy of the consent from the Registrar to act as the registrar and transfer agent for the Issue; (i) evidence that all "know your customer" requirements to the satisfaction of the Debenture Trustee/the Applicants has been provided, together with copies of (A) "know your customer" documents in respect of the Issuer, and (B) self-attested "know your customer" documents (including passport) of the authorized signatory(ies) of the Issuer that are executing the Transaction Documents; (j) a copy of the in-principle approval provided by the BSE in respect of the listing of the Debentures;

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	(k) [INTENTIONALLY LEFT BLANK] (l) the audited financial statements of the Issuer for the Financial Year ended March 31, 2022; (m) a certificate from the authorised signatories of the Issuer addressed to the Debenture Trustee confirming the following as on the Deemed Date of Allotment/the date of the certificate: (i) the persons authorised to sign the Transaction Documents and any document to be delivered under or in connection therewith, on behalf of the Issuer, together with the names, titles/designation and specimen signatures of such authorised signatories; (ii) the Issuer has the power under the Constitutional Documents to borrow monies by way of the issuance of the Debentures, and there are no restrictions on the borrowing powers of the Issuer as per its Constitutional Documents and corporate authorizations; (iii) the issuance of the Debentures will not cause any limit, including any borrowing limit, binding on the Issuer to be exceeded; (iv) no consents and approvals are required by the Issuer from its creditors or any other person for the issuance of the Debentures and all regulatory and statutory consents required in respect of the Debentures have been obtained; (v) the representations and warranties contained in the Transaction Documents are true and correct in all respects; (vi) no Event of Default has occurred or is subsisting, and no Default has occurred or is continuing or would result from the issuance and allotment of the Debentures pursuant to the Issue; (vii) no Material Adverse Effect has occurred; (viii) no investor or shareholder consent/approval, pursuant to the articles of association of the Issuer or any shareholders' agreements or other documents/instruments entered into by the Issuer and its shareholders and investors, is required for the Issuer to enter into or perform its obligations under the Transaction Documents; and (ix) all borrowing facilities/financial indebtedness of the Issuer are classified as "standard", and the Issuer has not defaulted in making any payments in respect thereto; and (x) each of the documents, confirmations, certificates, resolutions, and information furnished by the Issuer to the Debenture Holders pursuant to the DTD and the other Transaction Documents continues to be in full force and

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	effect; (n) a certificate from an independent chartered accountant certifying that (i) the issuance of the Debentures would not cause any borrowing, or any other similar limit binding on the Issuer to be exceeded, (ii) the issuance of the Debentures would not breach any limits under the Constitutional Documents of the Issuer, the terms of any other contractual arrangements entered into by the Issuer or any limits prescribed by the shareholders or the board of directors of the Issuer; (o) a list of specimen signatures of the authorized signatories of the Issuer, verified by its principal bankers; and (p) provide such other information, documents, certificates, opinions and instruments as the Debenture Holders may reasonably request.
Conditions Subsequent to Disbursement	The Issuer shall fulfil the following conditions subsequent, to the satisfaction of the Debenture Trustee: (a) the Issuer shall ensure that the Debentures are allotted to the respective Debenture Holders and are credited into the demat accounts of the relevant Debenture Holders within the timelines prescribed under the SEBI Listing Timelines Requirements; (b) the Issuer shall make the application for listing of the Debentures and obtain listing of the Debentures within the time period prescribed under the SEBI Listing Timelines Requirements; (c) the Issuer shall file a return of allotment of securities under Form PAS-3 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the ROC within 5 (five) days of the Deemed Date of Allotment, along with a list of the Debenture Holders and with the prescribed fee; (d) within 30 (thirty) days from the Deemed Date of Allotment, provide the details in respect of the utilisation of the proceeds of the Debentures certified by the independent chartered accountants and/or the statutory auditors of the Issuer; and (e) comply with such other condition (including executing any documents) and provide such other information and documents as the Debenture Holders may reasonably request or as may be required under Applicable Law (including without limitation, the Act, and any guidelines/circulars issued by the RBI).
Event of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	Please refer Section 8.2.6 below.
Creation of recovery expense fund	The Issuer hereby undertakes and confirms that it shall, within the time period prescribed under the SEBI Recovery Expense Fund Circular, establish and maintain the Recovery Expense Fund in such manner/mode as is prescribed under the SEBI Recovery Expense Fund Circular.
Conditions for breach of	Please refer sections named " <i>Default Interest Rate</i> " above and Section 8.6.2

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covenants (as specified in Debenture Trust Deed)	below.
Provisions related to Cross Default	The below are Events of Default. (i) The Issuer, any of the Promoters of the Issuer or the subsidiary(ies) (as defined in the Companies Act) of the Issuer or holding company(ies) (as defined in the Companies Act) of the Issuer: (A) defaults in any payment of Financial Indebtedness of more than INR 5,00,000 (Indian Rupees Five Lakh) beyond the period of grace (if any) provided in the instrument or agreement under which such Financial Indebtedness was created; or (B) defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness, the effect of which default or other event or condition is to cause or to permit the holder(s) of such Financial Indebtedness to cause (with the giving of notice or the passage of time or both would permit or cause) any such Financial Indebtedness to become due prior to its stated maturity. PROVIDED THAT if the event(s) mentioned under this paragraph (ii) are capable of being remedied in the sole discretion of the Debenture Holders, the Majority Debenture Holders may provide a cure period as deemed appropriate to them. (ii) Any Financial Indebtedness of the Issuer of more than INR 5,00,000 (Indian Rupees Five Lakh) is declared to be due and payable, or would permit to be prepaid other than by a regularly scheduled required prepayment (whether or not such right shall have been waived) prior to the stated maturity thereof. PROVIDED THAT if the event(s) mentioned under this paragraph (ii) are capable of being remedied in the sole discretion of the Debenture Holders, the Majority Debenture Holders may provide a cure period as deemed appropriate to them.
Roles and Responsibilities of the Debenture Trustee	In addition to the powers conferred on the Debenture Trustee in the DTD and Applicable Law, and without limiting the liability of the Debenture Trustee, it is agreed as follows: (a) the Debenture Trustee may, in relation to the DTD and the other Transaction Documents, act on the opinion or advice of or any information obtained from any solicitor, counsel, advocate, valuer, surveyor, broker, auctioneer, qualified accountant or other expert whether obtained by the Issuer or by the Debenture Trustee or otherwise; (b) subject to the approval of the Debenture Holders by way of a Majority Resolution passed at a meeting of the Debenture Holders held for determining the liability of the Debenture Trustee, the Debenture Trustee shall, as regards all trusts, powers, authorities and discretions, have the discretion as to the exercise thereof and to the mode and time of exercise thereof. In the absence of any fraud, gross negligence, willful misconduct or breach of trust, the Debenture

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	Trustee shall not be responsible for any loss, costs, charges, expenses or inconvenience that may result from the aforementioned exercise or non-exercise thereof. The Debenture Trustee shall not be bound to act at the request or direction of the Debenture Holders under any provisions of the Transaction Documents unless sufficient amounts shall have been provided or provision to the satisfaction of the Debenture Trustee has been made for providing such amounts and the Debenture Trustee is indemnified to its satisfaction against all further costs, charges, expenses and liability which may be incurred in complying with such request or direction; (c) with a view to facilitating any dealing under any provisions of the DTD or the other Transaction Documents, subject to the Debenture Trustee obtaining the consent of the Majority Debenture Holders, the Debenture Trustee shall have (i) the power to consent (where such consent is required) to a specified transaction or class of transactions (with or without specifying additional conditions); and (ii) to determine all questions and doubts arising in relation to the interpretation or construction any of the provisions of the DTD; (d) the Debenture Trustee shall not be responsible for the amounts paid by the Applicants for the Debentures; (e) the Debenture Trustee shall not be responsible for acting upon any resolution purporting to have been passed at any meeting of the Debenture Holders in respect whereof minutes have been made and signed even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not valid or binding upon the Debenture Holders; (f) the Debenture Trustee and each receiver, attorney, manager, agent or other person appointed by it shall, subject to the provisions of the Act, be entitled to be indemnified by the Issuer in respect of all liabilities and expenses incurred by it in the execution or purported execution of the powers and trusts thereof; (g) subject to the approval of the Debenture Holders by way of a Majority Resolution passed at a meeting of the Debenture Holders held for determining the liability of the Debenture Trustee and in the absence of fraud, gross negligence, willful misconduct or breach of trust, the Debenture Trustee shall not be liable for any of its actions or deeds in relation to the Transaction Documents; (h) subject to the approval of the Debenture Holders by way of Majority Resolution passed at a meeting of the Debenture Holders held for determining the liability of the Debenture Trustee and in the absence of fraud, gross negligence, willful misconduct or breach of trust, the Debenture Trustee, shall not be liable for any default, omission or delay in performing or exercising any of the powers or trusts herein expressed or contained herein or in enforcing the covenants contained herein or in giving notice to any person of the execution hereof or in taking any other steps which may be necessary, expedient or desirable or for any loss or injury which may be occasioned by reason thereof unless the Debenture Trustee shall have been previously requested by notice in writing to perform,

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	exercise or do any of such steps as aforesaid given in writing by the Majority Debenture Holders or by a Majority Resolution duly passed at a meeting of the Debenture Holders. The Debenture Trustee shall not be bound to act at the request or direction of the Debenture Holders under any provisions of the Transaction Documents unless sufficient amounts shall have been provided or provision to the satisfaction of the Debenture Trustee has been made for providing such amounts and the Debenture Trustee is indemnified to its satisfaction against all further costs, charges, expenses and liability which may be incurred in complying with such request or direction; (i) notwithstanding anything contained to the contrary in the DTD, the Debenture Trustee shall before taking any action on behalf of the Debenture Holders or providing any consent on behalf of the Debenture Holders, obtain the written consent of the Majority Debenture Holders; (j) the Debenture Trustee shall forward to the Debenture Holders copies of any information or documents from the Issuer pursuant to the DTD within 2 (two) Business Days of receiving such information or document from the Issuer; (k) without prejudice to anything contained in this sub-section named "<i>Roles and Responsibilities of the Debenture Trustee</i>", the Debenture Trustee shall oversee and monitor the transaction contemplated in the Transaction Documents for and on behalf of the Debenture Holders; and (l) the Debenture Trustee shall, until the Final Settlement Date, adhere to and comply with its obligations and responsibilities under the SEBI Defaults (Procedure) Circular and the SEBI Recovery Expense Fund Circular. PROVIDED THAT nothing contained in this sub-section named "<i>Roles and Responsibilities of the Debenture Trustee</i>" shall exempt the Debenture Trustee or any receiver, attorney, manager, agent or other person appointed by the Debenture Trustee from or indemnify them against any liability for breach of trust nor any liability which by virtue of any rule or Applicable Law would otherwise attach to them in respect of any negligence, default or breach of trust which they may be guilty of in relation to their duties hereunder.
Risk factors pertaining to the issue	Please refer Section 4 (<i>Risk Factors</i>).
Governing Law & Jurisdiction	The Transaction Documents shall be governed by and will be construed in accordance with the laws of India and any disputes arising there from shall be subject to the jurisdiction of appropriate courts and tribunals at Ahmedabad, India, and as more particularly provided for in the respective Transaction Documents.
Business Day Convention	(a) All payments in respect of the Debentures required to be made by the Issuer shall be made on a Business Day. (b) If any Due Date on which any interest or additional interest is payable falls on a day which is a Sunday or is not a Business Day, the payment to be made on such Due Date shall be made on the succeeding

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	Business Day. (c) If any Due Date on which any Outstanding Principal Amounts are payable falls on a day which is a Sunday or is not a Business Day, the payment to be made on such Due Date shall be made on the preceding Business Day. (d) If the Final Redemption Date falls on a day which is a Sunday or is not a Business Day, the payment of any amounts in respect of the Outstanding Principal Amounts to be made shall be made on the preceding Business Day. (e) In the absence of anything to the contrary mentioned in the DTD and other Transaction Documents, if any day for performance of any acts under the Transaction Documents (other than those set out in (b) to (d) above) falls on a day which is not a Business Day, such acts shall be performed shall be made on the succeeding Business Day.
Additional Disclosures (Security Creation)	Not Applicable. The Debentures are unsecured and subordinated debt instruments.
Additional Disclosures (Default in Payment)	If, at any time, a Payment Default occurs, the Issuer agrees to pay an additional interest rate of 2% (two percent) per annum above the applicable Interest Rate on the Outstanding Amounts from the date of the occurrence of such Payment Default until such Payment Default is cured or the Debentures are fully redeemed by the Issuer (whichever is earlier), on each Interest Payment Date occurring during the aforementioned period.
Additional Disclosures (Delay in Listing)	In the event there is any delay in listing of the Debentures beyond the Listing Period, the Issuer will pay to the Debenture Holders, penal interest of 1% (one percent) per annum over the Interest Rate, from the Deemed Date of Allotment until the listing of the Debentures is completed.
Anchor Portion Details	(a) Name of the Anchor Investor: A K Services Private Limited The anchor has also been identified/selected as eligible participant(s) by the Issuer and may participate in the non-anchor portion of this Issue. Please note that there will be no bidding for the anchor portion of this Issue. (b) Total Amount Anchor Portion (not exceeding 30% of Base Issue size)): INR 15,00,00,000 (Indian Rupees Fifteen Crore), being 30% (thirty percent) of base issue size (i.e., INR 50,00,00,000 (Indian Rupees Fifty Crore)) (c) Quantum for each Anchor Investor (Rs.): INR 15,00,00,000 (Indian Rupees Fifteen Crore), being 30% (thirty percent) of base issue size (i.e., INR 50,00,00,000 (Indian Rupees Fifty Crore)).
Confirmation Requested by the Depositories	This Issue does not form part of non-equity regulatory capital mentioned under Chapter V of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with clarification provided

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	by the Securities and Exchange Board of India in circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/027 dated February 8, 2023 on "Clarification w.r.t. issuance and listing of perpetual debt instruments, perpetual non-cumulative preference shares and similar instruments under Chapter V of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021". The face value of each debt security issued on private placement basis under this Issue is INR 1,00,000 (Indian Rupees One Lakh).

Note:

a. If there is any change in Coupon Rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new Coupon Rate and events which lead to such change should be disclosed.

b. The list of documents which has been executed in connection with the issue and subscription of debt securities shall be annexed.

c. The issuer shall provide granular disclosures in their placement memorandum, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".

8.2 TERMS OF THE TRANSACTION DOCUMENTS

8.2.1. Representations and Warranties of the Issuer

The Issuer makes the representations and warranties set out in this Section 8.2.1 (*Representations and Warranties of the Issuer*) to the Debenture Trustee for the benefit of the Debenture Holders as on the Effective Date, which representations shall be true and valid until the Final Settlement Date.

(a) **Status**

- (i) It is a company, duly incorporated, registered and validly existing under Applicable Law.
- (ii) It is a non-banking financial company registered with the RBI, and such registration is valid and subsisting.
- (iii) It has the corporate power, authority and all material permits, approvals, authorizations, licenses, registrations, and consents including registrations, to own and operate its Assets and to carry on its business in substantially the same manner as it is currently conducted.

(b) **Binding obligations**

The obligations expressed to be assumed by it under the Transaction Documents are legal, valid, binding and enforceable obligations.

(c) **Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by the Transaction Documents do not and will not conflict with:

- (i) any Applicable Law (including, without limitation, any laws and regulations regarding anti-money laundering or terrorism financing, and similar financial sanctions);
- (ii) its Constitutional Documents; or

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- (iii) any agreement or instrument binding upon it or any of its Assets, including but not limited to any terms and conditions of the Financial Indebtedness availed by the Issuer.

(d) ***Power and authority***

It has the power to issue the Debentures, and enter into, perform and deliver, and has taken all necessary action to authorize its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by such Transaction Documents.

(e) ***Validity and admissibility in evidence***

All approvals, authorizations, consents, permits (third party, statutory or otherwise), filings, or intimations required or desirable:

- (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations under the Transaction Documents to which it is a party (including the issuance of Debentures);
- (ii) to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and
- (iii) for it to carry on its business, and which are material,

have been obtained or effected and are in full force and effect.

(f) ***No default***

- (i) No Event of Default has occurred and is continuing or would be expected to result from the execution or performance of any Transaction Documents or the issuance of the Debentures.
- (ii) No other event or circumstance is outstanding which constitutes (or which would, with the lapse of time, the giving of notice, the making of any determination under the relevant document or any combination of the foregoing, constitute) a default or termination event (however described) under any other agreement or instrument which is binding on the Issuer or any of its Assets or which might have a Material Adverse Effect.

(g) ***No proceedings pending***

- (i) No litigation, arbitration, claims, investigations or administrative proceedings of or before any court, arbitral body, governmental authority or agency has been commenced/pending against or relating to the Issuer, which would have a Material Adverse Effect.
- (ii) There are no unfulfilled or unsatisfied judgments or court orders in respect of the Issuer.

(h) ***No misleading information***

All information provided by the Issuer to the Debenture Trustee/Debenture Holders is true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated and is not misleading due to omission to state a fact or otherwise.

(i) ***Compliance; Corporate Matters***

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- (A) The Issuer has complied with Applicable Law in respect of the issuance of the Debentures (including without limitation, the Debt Listing Regulations) and for the performance of the Issuer of its obligations with respect to the Debentures, and to carry on their business.
- (B) There has not been and there is no investigation or enquiry by, or order, decree, decision or judgment of any Governmental Authority issued or outstanding or to the best of the Issuer's knowledge (after making due and careful enquiry), anticipated against the Issuer which would have a Material Adverse Effect.
- (C) No notice or other communication (official or otherwise) from any Governmental Authority has been issued or is outstanding or to the best of the Issuer's knowledge (after making due and careful enquiry), anticipated with respect to an alleged, actual or potential violation and/or failure to comply with any such Applicable Law or requiring them to take or omit any action.
- (D) [INTENTIONALLY LEFT BLANK]
- (E) All the legal and procedural requirements specified in the Constitutional Documents or required under Applicable Law have been duly complied with in all respects in relation to the issue of the Debentures.
- (F) The registers and minute books (including the minutes of board and shareholders meeting) required to be maintained by the Issuer under Applicable Law:
 - (I) are up-to-date and have been maintained in accordance with Applicable Law;
 - (II) comprise complete and accurate records of all information required to be recorded in such books and records; and
 - (III) no notice or allegation that any of them are incorrect and/or should be rectified has been received.

(j) **Assets**

Except for the security interests and encumbrances created and recorded with the ROC (available using CIN L65910GJ1995PLC026064 on the website <http://www.mca.gov.in/MCA21/index.html> under the heading Index of Charges), the Issuer has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's length terms), all material Assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.

(k) **Financial statements; Accounts and Records**

- (i) Its audited financial statements most recently provided to the Debenture Trustee as of March 31, 2022 were prepared in accordance with Applicable Accounting Standards consistently applied save to the extent expressly disclosed in such financial statements.
- (ii) Its audited financial statements as of March 31, 2022 provided to the Debenture Trustee, give a true and fair view and represent its financial condition and operations during the Financial Year save to the extent expressly disclosed in such financial statements.

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- (iii) The books of accounts of the Issuer have been fairly and properly maintained, the accounts of the Issuer have been prepared in accordance with Applicable Law and the Applicable Accounting Standards, so as to give a true and fair view of the business (including the assets, liabilities and state of affairs) of the Issuer and its subsidiaries (as defined in the Companies Act). The Issuer has a proper, efficient and effective book-keeping and accounting system in place as well as adequate professional staff, including maintaining of accounts showing the loan drawings, payments, interest etc.

(l) ***Solvency***

- (i) The Issuer is able to, and has not admitted its inability to, pay its debts as they mature and has not suspended making payment on any of its debts and it has not been deemed by a court to be unable to pay its debts for the purposes of Applicable Law, nor will it become unable to pay its debts for the purposes of Applicable Law as a consequence of entering into the DTD or any other Transaction Document.
- (ii) The Issuer, by reason of actual or anticipated financial difficulties, has not commenced, and does not intend to commence, negotiations with one or more of its creditors with a view to rescheduling its Financial Indebtedness.
- (iii) The value of the Assets of the Issuer is more than its liabilities (taking into account contingent and prospective liabilities) and it has sufficient capital to carry on its business.
- (iv) The Issuer has not taken any corporate action nor has it taken any legal proceedings or other procedure or steps in relation to any bankruptcy proceedings nor has any order been passed for its winding-up, dissolution or re-organization, or for the enforcement of any security over its Assets, or for the appointment of a liquidator, supervisor, receiver, administrator, administrative receiver, compulsory manager, trustee or other similar officer for it or in respect of its assets.
- (v) No insolvency or bankruptcy process has commenced under Applicable Law in respect of the Issuer (including pursuant to the IBC and the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019).
- (vi) No reference has been made, or enquiry or proceedings commenced, in respect of the Issuer, before the National Companies Law Tribunal or under any mechanism or prescription of the RBI in respect of resolution/restructuring of stressed assets (including without limitation, under the Stressed Assets Framework).

(m) ***Material Adverse Effect***

- (i) No Material Adverse Effect has occurred, and is subsisting.
- (ii) There are no circumstances existing which could give rise, with the passage of time or otherwise, to a Material Adverse Effect.
- (iii) The Issuer is not aware of any document, judgment or legal process or defects which has remained undisclosed and/or which may have a Material Adverse Effect.

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(n) ***Illegality***

It is not illegal or unlawful for the Issuer to perform any of its obligations under the Transaction Documents.

(o) ***Tax Laws***

(i) The Issuer has complied with all the requirements as specified under the Tax laws as applicable to the Issuer in relation to returns, computations, notices and information which are, or are required to be made or given by the Issuer to any Tax authority for taxation, and for any other Tax or duty purposes, have been made and are correct.

(ii) The Issuer has not received any notice of any Tax disputes or other liabilities of Taxes in respect of which a claim has been made or notice has been issued against the Issuer.

(p) ***Subordinated Obligations***

(i) Except for obligations mandatorily preferred by Applicable Law applying to companies generally, the payment obligations of the Issuer under the Transaction Documents:

(A) are subordinated to the claims of all other creditors of the Issuer; and

(B) are equivalent to/at par with the claims of all other subordinated debt of the Issuer.

(ii) The Debentures are eligible for classification as Tier II Capital of the Issuer.

(q) ***No Immunity***

Neither the Issuer nor any of its Assets are entitled to immunity from suit, execution, attachment or other legal process in its jurisdiction of incorporation. The issuance of the Debentures (and the Transaction Documents) constitutes, and the exercise of the Issuer's rights and performance of and compliance with its obligations in relation thereto, will constitute, private and commercial acts done and performed for private and commercial purposes.

(r) ***Confirmations pursuant to the Debt Listing Regulations***

With effect from the date of filing of the draft Placement Memorandum with the BSE, as on the date of filing of the draft Placement Memorandum with the BSE in accordance with the Debt Listing Regulations:

(i) the Issuer, the promoters (as defined in the Debt Listing Regulations) of the Issuer, the promoter group (as defined in the Debt Listing Regulations) of the Issuer or the directors of the Issuer have not been debarred from accessing the securities market or dealing in securities by SEBI;

(ii) no promoter (as defined in the Debt Listing Regulations) of the Issuer or director of the Issuer is a promoter or director of any another company which is debarred from accessing the securities market or dealing in securities by SEBI;

(iii) no promoter (as defined in the Debt Listing Regulations) of the Issuer or director of the Issuer is a fugitive economic offender; and

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- (iv) no fines or penalties levied by SEBI or any of the stock exchanges is pending to be paid by the Issuer.

(s) ***SCORES Authentication***

The Issuer has received the Securities and Exchange Board of India Complaints Redress System (SCORES) authentication prior to the Deemed Date of Allotment.

8.2.2. Financial Covenants

Each of the requirements prescribed and actions mentioned in this Section 8.2.2 are subject to Applicable Law and the prior approval of the RBI (if so required). Until the Final Settlement Date, the Issuer shall:

- (a) maintain a Capital Adequacy Ratio of at least 20% (twenty percent) or such other higher threshold as may be prescribed by the RBI from time to time, with the Tier I Capital component of the Capital Adequacy Ratio of at least 15% (fifteen percent);
- (b) maintain a Total Debt to Equity Ratio of not more than 5 (five) times; and
- (c) ensure that the Issuer's Gross NPA (on a standalone basis) does not exceed 4% (four percent) of the Gross Loan Portfolio of the Issuer.

The financial covenants set out in this Section 8.2.2 (*Financial Covenants*) shall be tested, commencing from March 31, 2023 until the Final Settlement Date, on a quarterly basis (i.e., as on each Quarterly Date), on the basis of the consolidated and standalone financial statements of the Issuer.

The financial covenants shall be certified by a chartered accountant within 60 (sixty) calendar days from each Quarterly Date.

8.2.3. Reporting Covenants

The Issuer shall provide or cause to be provided to the Debenture Trustee and to the Debenture Holders (if so requested by the Debenture Holders) (including on any online reporting platform notified by the Debenture Trustee or any Debenture Holder), in form and substance reasonably satisfactory to the Debenture Trustee, each of the following items:

- (a) as soon as available, and in any event within 120 (one hundred and twenty) calendar days after the end of each Financial Year, certified copies of its audited consolidated and non-consolidated (if any) financial statements for its most recently completed financial year, prepared in accordance with Applicable Accounting Standards including its balance sheet, income statement and statement of cash flow.

All such information shall be complete and correct in all material respects and shall fairly represent the financial condition, results of operation and changes in cash flow and a list comprising all material financial liabilities of the Issuer whether absolute or contingent as of the date thereof;

- (b) as soon as available, and in any event within 120 (one hundred and twenty) calendar days after the end of each Financial Year, a certificate from a director/chief financial officer of the Issuer confirming that there is no existing potential Event of Default or Event of Default;
- (c) as soon as available, and in any event within 120 (one hundred and twenty) calendar days after the end of each Financial Year, all information/documents required to be submitted

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by the Issuer to the RBI on an annual basis in respect of such Financial Year;

- (d) within 45 (forty five) calendar days after each Quarterly Date:
 - (i) certified copies of its unaudited consolidated and non-consolidated (if any) quarterly financial statements for the preceding financial quarter, prepared in accordance with Applicable Accounting Standards including its balance sheet, income statement and statement of cash flow;
 - (ii) a certificate signed by a director or the chief financial officer of the Issuer stating that the Issuer is in compliance with all the financial covenants prescribed in Section 8.2.2 (*Financial Covenants*);
 - (iii) updated list of the names and addresses of the Debenture Holders;
 - (iv) details and information regarding the financials, operations, portfolio growth and asset quality, collection efficiency and portfolio at risk data and funding data in such form and manner as may be acceptable to the Debenture holders;
 - (v) details of the asset liability management (ALM) data/statement, in such form and manner as may be acceptable to the Debenture Holders;
 - (vi) details of the shareholding pattern and the list of the board of directors of the Issuer;
 - (vii) the debt profile (including in respect of non-convertible debt securities) in respect of the Issuer together with details in respect of the various borrowings availed by the Issuer;
 - (viii) the liquidity position of the Issuer in the format prescribed by the Debenture Holders; and
 - (ix) all information/documents required to be submitted by the Issuer to the RBI on a quarterly basis in respect of such financial quarter;
- (e) on a half yearly basis, and in any event on or prior to April 15 of each calendar year for the financial half year ending on March 31 and on or prior to October 15 of each calendar year for the financial half year ending on September 30, a certificate from the authorised signatory of the Issuer certifying the debt profile of the Issuer (including, without limitation, the guarantee obligations of the Issuer) and the static pool data, in a format acceptable to the Debenture Trustee;
- (f) as soon as practicable and in any event within 5 (five) days of the occurrence, provide the information/details with respect to:
 - (i) any change in the Promoters' shareholding in the Issuer;
 - (ii) any change in the composition of the board of directors of the Issuer;
 - (iii) any change in senior management officials of the Issuer being the chief executive officer or any other official holding an equivalent position in the Issuer;
 - (iv) any changes to the Constitutional Documents of the Issuer;
 - (v) any occurrence of a Material Adverse Effect;
 - (vi) any dispute, litigation, investigation or other proceeding against the Issuer and/

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or any notice in this regard received by the Issuer;

- (vii) the resignation of the statutory auditor of the Issuer along with its resignation letter; and
- (viii) any prepayment of any Financial Indebtedness by the Issuer or any notice received for prepayment of any Financial Indebtedness of the Issuer that would lead to a negative mismatch on cumulative basis in any of the buckets till 1 (one) year of the asset liability management of the Issuer;
- (g) without prejudice to any other obligations under this Section 8.2.3 (*Reporting Covenants*), as soon as practicable and in any event within 1 (one) day of the occurrence, provide the information/details with respect to:
 - (i) any event of default (including any breach of representations and warranties, or covenants) howsoever described, set out in the transaction documents of any Financial Indebtedness of the Issuer;
 - (ii) any legal proceeding/notice instituted against or received by the Issuer;
 - (iii) default in any Financial Indebtedness/obligations to any creditors of the Issuer;
 - (iv) any application or petition filed for the dissolution or re-organization of the Issuer;
 - (v) occurrence of any Event of Default or any event which may with the expiry of time be classified as an Event of Default, specifying the nature of such event and any steps the Issuer is taking and proposes to take to remedy such events; and
 - (vi) occurrence of any Material Adverse Effect and such other material events as set out in the Transaction Documents;
- (h) within 15 (fifteen) days of the occurrence, provide such information as the Debenture Trustee may require for any filings, statements, reports that the Debenture Trustee is required to provide to any Governmental Authority under Applicable Law;
- (i) promptly, provide to the Debenture Trustee:
 - (A) information and all relevant details, if it becomes aware of any fact, matter or circumstance which would cause any of the representations and warranties under any of the Transaction Documents to become untrue or inaccurate or misleading in any respect;
 - (B) information and all relevant details, and such further information regarding the financial condition, business and operations of the Issuer as the Debenture Trustee may request;
 - (C) information and all relevant details if there is any revision in the Rating, or an assignment of a fresh rating provided by the Rating Agency to the Debentures;
 - (D) a copy of the statutory auditors' and directors' annual report, balance sheet and profit and loss account and of all periodical and special reports, at the same time as they are issued;
 - (E) details, in writing, of any notice of an application or petition for insolvency and/ or winding up having been made or receipt of any statutory notice of insolvency and/ or winding up under the provisions of the Companies Act or any other notice

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under any other Applicable Law or otherwise of any suit or legal process intended to be filed affecting the title to the property of the Issuer;

- (F) inform the Debenture Trustee of all the orders, directions or notices of any court or tribunal affecting or likely to affect the assets (or any part thereof) of the Issuer; and
- (G) inform the Debenture Trustee of the details of any litigation, arbitration or administrative proceedings filed or initiated against the Issuer;
- (j) as soon as practicable and in any event within the timelines prescribed by the Debenture Trustee (and Applicable Law), such other information, notifications, details, documents, reports, statements and certificates (including from chartered accountants, auditors and/or directors of the Issuer and copies of reports, balance sheets, profit and loss accounts) as may be required by the Debenture Trustee from time to time, to ensure compliance with the provisions of the Applicable Law, including but not limited to the Debenture Trustees Regulations and the Companies (Share Capital and Debentures) Rules, 2014.

8.2.4. Covenants

Each of the requirements prescribed and actions mentioned in this Section 8.2.4 are subject to Applicable Law and the prior approval of the RBI (if so required). The Issuer shall, until the Final Settlement Date:

(a) ***Use of Proceeds***

use the proceeds of the Issue only for the Purpose and in accordance with the Transaction Documents;

(b) ***Validity of Transaction Documents***

ensure and procure that the Transaction Documents shall be validly executed and delivered and will continue in full force and effect and will constitute valid, enforceable and binding obligations of the Issuer;

(c) ***Notice of Winding up or other Legal Process***

promptly, and in any case not later than 10 (ten) Business Days of occurrence, inform the Debenture Trustee if it has received:

- (i) any notice of any application for winding up or insolvency process or any statutory notice of winding up or insolvency process under the provisions of the Act or any other Applicable Law (including the IBC, the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019); or
- (ii) any other notice under any other statute relating to the commencement/initiation of winding up or insolvency process or otherwise of any suit or other legal process relating to the commencement/initiation of winding up or insolvency process against the Issuer;

(d) ***Loss or Damage by Uncovered Risks***

promptly inform the Debenture Trustee and the Debenture Holders of any material loss or significant damage which the Issuer may suffer due to any force majeure circumstances or

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act of God, such as earthquake, flood, tempest or typhoon, etc. against which the Issuer may not have insured its properties;

(e) ***Costs and Expenses***

pay all reasonable costs, charges and expenses in any way incurred by the Debenture Trustee towards protection of the Debenture Holders' interests, including traveling and other allowances and such taxes, duties, costs, charges and expenses in connection with or relating to the Debentures subject to such expenses, costs or charges being approved in writing by the Issuer before they are incurred and shall not include any foreign travel costs;

(f) ***Payment of Rents, etc.***

punctually pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoing, governmental, municipal or otherwise imposed upon or payable by the Issuer as and when such amounts are payable;

(g) ***Preserve Corporate Status***

- (i) diligently preserve and maintain its corporate existence and status and all rights, privileges, and concessions now held or hereafter acquired by it in the conduct of its business;
- (ii) obtain, comply with and maintain all its licenses and/ or authorizations required, including without limitation, the license to conduct business, as a non-banking financial company, and any other rights, licenses and franchises necessary for its obligations under the Debentures and the Transaction Documents and continue to be a validly existing organization in good standing and at all times act and proceed in relation to its affairs and business in compliance with Applicable Law;
- (iii) comply with all acts, authorizations, consents, permissions, rules, regulations, orders and directions of any Governmental Authority; and
- (iv) not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the Outstanding Amounts might or would be hindered or delayed;

(h) ***Pay Stamp Duty***

pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Issuer may be required to pay according to the applicable state laws. In the event the Issuer fails to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Debenture Trustee shall be at liberty (but shall not be bound) to pay such amounts and the Issuer shall reimburse the aforementioned amounts to the Debenture Trustee on demand;

(i) ***Furnish Information to Debenture Trustee***

- (A) provide to the Debenture Trustee or its nominee(s)/agent(s) such information/copies of relevant extracts as they may require on any matters relating to the business of the Issuer or to investigate the affairs of the Issuer;
- (B) allow the Debenture Trustee to make such examination and investigation as and when deemed necessary and shall furnish the Debenture Trustee with all such information as they may require and shall pay all reasonable costs, charges and

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expenses incidental to such examination and investigation;

- (C) provide to the Debenture Trustee or its nominee(s)/agent(s) such information/copies of relevant extracts as they may require for the purpose of filing any relevant forms with any Governmental Authority in relation to the Debentures;
- (D) within 45 (forty five) days of each Quarterly Date or within 7 (seven) days of any relevant meeting of the board of directors, whichever is earlier, furnish reports/quarterly reports to the Debenture Trustee (as may be required in accordance with Applicable Law) containing the following particulars:
 - (1) updated list of the names and addresses of the Debenture Holders along with the number of Debentures held by each Debenture Holder;
 - (2) details of any Outstanding Amounts and any Outstanding Principal Amounts due, but unpaid and reasons thereof;
 - (3) details of the interest due, but unpaid and reasons thereof;
 - (4) the number and nature of grievances received from the Debenture Holders, and (I) resolved by the Issuer, and (II) unresolved by the Issuer along with the reasons for the same; and
 - (5) such other information as may be agreed between the Parties from time to time; and
- (E) inform and provide the Debenture Trustee with applicable documents in respect of the following:
 - (1) notice of any Event of Default or potential Event of Default specifying the nature of such event and any steps the Issuer is taking and proposes to take to remedy the same; and
 - (2) any and all information required to be provided to the Debenture Holders under Applicable Law and the listing agreement to be entered into between the Issuer and the BSE;

(j) ***Redressal of Grievances***

promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holders. The Issuer further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of the compliance;

(k) ***Comply with Investor Education and Protection Fund Requirements***

comply with the provisions of the Companies Act relating to transfer of unclaimed/ unpaid amounts of interest on Debentures and redemption of Debentures to Investor Education and Protection Fund ("IEPF"), if applicable to it. The Issuer hereby further agrees and undertakes that until the Final Settlement Date it shall abide by the regulations, rules or guidelines/listing requirements if any, issued from time to time by the Ministry of Corporate Affairs, RBI, SEBI or any other competent Governmental Authority;

(l) ***Corporate Governance; Fair Practices Code***

comply with any corporate governance requirements applicable to the Issuer (as may be

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prescribed by the RBI, SEBI, any stock exchange, or any Governmental Authority) and the fair practices code prescribed by the RBI;

(m) **Further Assurances**

- (i) provide details of any litigation, arbitration or administrative proceedings that if determined adversely could have a Material Adverse Effect on the Issuer;
- (ii) comply with any monitoring and/or servicing requests from Debenture Holders/Debenture Trustee;
- (iii) execute all such deeds, assurances, documents, instruments, acts, matters and things, in such form as the Debenture Trustee may, reasonably or pursuant to Applicable Law, require in relation to exercising any of the rights and authorities of the Debenture Trustee (including those set out under the Transaction Documents);
- (iv) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations necessary to enable it to lawfully enter into and perform its obligations under the DTD or to ensure the legality, validity, enforceability or admissibility in evidence in India of the DTD;
- (v) procure that the Debentures are rated and continue to be rated until the Final Settlement Date;
- (vi) comply with:
 - (A) all Applicable Law (including but not limited to the NBFC Directions, the Companies Act, the Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Listed Debentures Circulars, any environmental, social and taxation related laws and all directions issued by the RBI to non-banking financial companies), as applicable in respect of the Debentures and obtain such regulatory approvals as may be required from time to time;
 - (B) all requirements and regulations of the RBI in respect of, *inter alia*, the maintenance of the Capital Adequacy Ratio, norms in respect of recognition of non-performing assets, and provisioning requirements;
 - (C) the Debenture Trustees Regulations as in force from time to time, in so far as they are applicable to the Debentures and furnish to the Debenture Trustee such data, information, statements and reports as may be deemed necessary by the Debenture Trustee in order to enable them to comply with the provisions of Regulation 15 of the Debenture Trustees Regulations thereof in performance of their duties in accordance therewith to the extent applicable to the Debentures;
 - (D) the provisions of the Act in relation to the Issue;
 - (E) ensure that, at time of making any payment of interest or repayment of the principal amount of the Debentures in full or in part, the Issuer shall do so in the manner that is most tax efficient for the Debenture Holders but without, in any way requiring the Issuer to incur any additional costs, expenses or taxes and the Issuer shall avail of all the benefits available under any treaty applicable to the Issuer and/or the Debenture Holders;

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- (F) the financial terms and conditions prescribed in the Transaction Documents;
- (G) the corporate governance and fair practices code prescribed by the RBI and/or any other notification, circular, press release issued by the SEBI/RBI, from time to time;
- (H) the terms of the listing agreement to be entered into between the Issuer and the BSE; and/or
- (I) if so required, the requirements prescribed under Chapter XI (*Operational framework for transactions in defaulted debt securities post maturity date/ redemption date*) of the Listed NCDs Operational Circular, and provide all details/intimations to the Debenture Trustee, the Depositories, and BSE (as the case may be) in accordance with the aforementioned requirements;
- (vii) provide its cooperation and assistance in arranging meetings between the Debenture Holders and the members of the senior management of the Issuer (if so required by the Debenture Holders);
- (viii) the Issuer agrees that its obligations under the Transaction Documents are absolute, irrevocable and unconditional, and the Issuer confirms the due and prompt observance, performance and full discharge of the covenants, agreements, obligations and liabilities in accordance with and subject to the terms and conditions contained under the Transaction Documents; and
- (ix) complete all necessary formalities including all filings with and notices to the relevant regulatory authorities as may be required, including but not limited to the SEBI, and the ROC and obtain all consents and approvals required for the completion of the Issue;
- (n) ***Filings; Information to the Debenture Trustee***
 - (i) make all necessary filings required pursuant to the Act (including with the ROC) and the guidelines/regulations of the RBI;
 - (ii) without prejudice to (i) above, and to the extent applicable, co-operate with the Debenture Trustee and/or the Debenture Holders in connection with any assistance that may be required for the purpose of submitting information in relation to the Debentures and the Transaction Documents to any information utility in accordance with the IBC, and to confirm or authenticate all filings and information sought to be uploaded, and update or modify or rectify any errors in such financial information submitted;
 - (iii) provide to the Debenture Trustee such information as it may require for any filings, statements, reports that the Debenture Trustee is required to provide to any Governmental Authority under Applicable Law; and
 - (iv) within such timelines as may be prescribed by the Debenture Trustee, provide all relevant information required by the Debenture Trustee for the effective discharge of its duties and obligations under the Transaction Document, including but not limited to the copies of all reports, balance sheets and the profit and loss account of the Issuer;
- (o) ***Internal Control***

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- (i) maintain internal control for the purpose of preventing fraud on amounts lent by the Issuer; and
 - (ii) ensure that the proceeds of the Debentures are not used for money laundering or illegal purposes;
- (p) ***Audit and Inspection***

permit visits and inspection of books of records, documents and accounts to the Debenture Trustee and representatives of Debenture Holders as and when required by them;
- (q) ***Books and Records***
 - (i) maintain its accounts and records in accordance with Applicable Law and make true and proper entries therein of all dealings and transactions of and in relation to the Debentures and the business of the Issuer; and
 - (ii) provide access to relevant books of accounts, documents and records in relation to this Issue and to enter into or upon and to view and inspect the state and condition of all the together with all records, registers of the Issuer as required by the Debenture Trustee and to take copies and extracts thereof;
- (r) ***Access; Periodic Portfolio Monitoring***

provide the Debenture Trustee and the Debenture Holders and any of their representatives, professional advisers and contractors with access to and/or permit them to, at the cost of the Issuer:

 - (i) examine and inspect the books and records, documents and accounts maintained by the Issuer;
 - (ii) portfolio data in the format prescribed by the Debenture Holders from time to time; and
 - (iii) discuss the affairs, finances and accounts of the Issuer, and be advised as to the same, by the relevant officers;
- (s) ***Rating Covenants***
 - (i) ensure that, until the Final Settlement Date, no Rating Covenant Event occurs; and
 - (ii) if so mutually agreed between the Issuer and the Debenture Holders, the Issuer shall obtain an additional credit rating for the Issue from any credit rating agency registered with/accredited by SEBI (other than the Rating Agency) and shall procure that such rating is at least equivalent to the Rating;
- (t) ***Promoter Covenants***
 - (i) the Promoter Debt shall at all times be contractually subordinated (in ranking and payment) to the Obligations and at any time after the occurrence of an Event of Default no payments shall be made in respect of the Promoter Debt except with the prior written consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders);
 - (ii) procure and ensure that the Promoters of the Issuer will not:

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- (A) sell, dispose of or transfer in any matter whatsoever of the equity shares of the Issuer held by the Promoters; and
 - (B) encumber (in any manner whatsoever) the equity shares of the Issuer held by the Promoters; and
 - (iii) procure and ensure that the Promoters do not exit from or reduce their involvement from the management activities of the Issuer from that subsisting on the Effective Date. Without prejudice to the foregoing, the Issuer will procure and ensure that Promoters continue to maintain (to the extent applicable) an executive role in the Issuer until the Final Settlement Date;
- (u) ***Execution of Transaction Documents***
- in the event of any delay in the execution of any Transaction Document the Issuer will, at the option of the Debenture Holders, either:
- (i) if so required by the Debenture Holders, refund the Application Money together with interest (including interest accrued) at the Interest Rate/dischARGE the Obligations; and/or
 - (ii) pay to the Debenture Holders additional interest at the rate of 2% (two percent) per annum on the Outstanding Principal Amounts in addition to the Interest Rate until the relevant Transaction Document is duly executed or the Obligations are discharged (whichever is earlier);
- (v) ***Management Control; Shareholding***
- ensure and procure that until the Final Settlement Date:
- (i) the Promoter Group of the Issuer as of the Effective Date continues to hold, on an unencumbered basis, not less than 51% (fifty one percent) of the equity share capital of the Issuer (on a fully diluted basis);
 - (ii) the Promoter Group of the Issuer as of the Effective Date continues to exercise the Management Control of the Issuer; and
 - (iii) Mr. Kamlesh Gandhi continues to remain on the board of directors of the Issuer as the Managing Director of the Issuer; and
- (w) ***Listing and Monitoring Requirements***
- comply with all covenants, undertakings and requirements set out in Section 8.2.7 (*Listing and Monitoring Requirements*).

8.2.5. Other Undertakings

The Issuer shall not take any action in relation to the items set out in this Section 8.2.5 (*Other Undertakings*) without the prior written consent of the Debenture Trustee (acting upon the instructions of the Majority Debenture Holders).

Any request by the Issuer must be accompanied by all relevant information substantiating the request to enable the Debenture Holders to make a reasoned decision.

Each of the requirements prescribed and actions mentioned in this Section 8.2.5 are subject to Applicable Law and the prior approval of the RBI (if so required).

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(a) ***Change of Business /Constitutional Documents***

- (i) change the general nature of its business from that which is permitted as a non-banking financial company registered with the RBI; or
- (ii) any changes to its Constitutional Documents in any material way (including in relation to reduction in share capital of the Issuer and discontinuation of any existing line of business); or
- (iii) reduce its authorized capital in any way which would prejudicially affect the interests of the Debenture Holders;

(b) ***Change in Financial Year***

change its Financial Year end from March 31 of each year to any other date unless such change is required pursuant to Applicable Law;

(c) ***Dividend***

- (i) declare or pay any dividend or make any distributions its share capital (other than dividends or distributions payable on shares of the Issuer), unless:
 - (A) the proposed payment or distribution is out of the net income of the current Financial Year (excluding any amount resulting from the revaluation of any of the Issuer's assets);
 - (B) no Event of Default has occurred and is then continuing, or could occur or is reasonably likely to occur, as a result of such payment or declaration of any dividend or distribution and after giving effect to any such action;
 - (C) the Issuer is not in breach of any of the financial covenants set out under Section 8.2.2 (*Financial Covenants*); and/or
 - (D) the Issuer has paid or has made satisfactory provision for payment of the installments of the principal due and interests due on the Debentures;
- (ii) without prejudice to paragraph (i) above, if a Payment Default has occurred and is continuing, declare or pay any dividend to its shareholders (including holders of preference shares) during any Financial Year unless it has paid or made arrangements to pay (to the satisfaction of the Debenture Trustee) all the dues to the Debenture Holders/Debenture Trustee up to the date on which the dividend is proposed to be declared or paid or has made satisfactory provisions thereof;

(d) ***Merger, Consolidation, etc.***

enter into any merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation;

(e) ***Loans; Guarantees and Investments***

- (i) acquire (or agree to acquire) any shares, stocks, securities or other interest in any joint venture;
- (ii) transfer any assets to, or lend to, or guarantee or indemnify or give security for the obligations of, a joint venture, or agree to do any of the foregoing;

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- (iii) extend a loan to any single individual or entity aggregating to more than 15% (fifteen percent) of its Tangible Net Worth of the Issuer;
- (iv) undertake to guarantee the liabilities of any individual or entity (unless such entity is a wholly-owned subsidiary of the Issuer);
- (v) voluntarily prepay any Financial Indebtedness of the Issuer, which would lead to a mismatch in the asset liability management (ALM) of the Issuer after incorporating all the liabilities of the Issuer including put options, resets etc. in any form, but excluding unutilized bank lines on the proposed day of prepayment; or
- (vi) upon the occurrence of an Event of Default, repay any unsecured borrowings from any of the Promoters, and/or any related parties (as defined in the Companies Act) of the Issuer), and/or any inter corporate deposits held by the Issuer, other than by way of a conversion of such debt into equity;

(f) ***Arms' Length and other Transactions***

- (i) enter into any transaction with any person or enter into or continue business relations with its shareholders, employees, affiliate(s), holding company(ies) (as defined in the Companies Act), and/or subsidiary(ies) (as defined in the Companies Act) except on proper commercial terms negotiated on an arm's length basis;
- (ii) enter into or establish any partnership, profit sharing, royalty agreement or other similar other arrangement whereby the Issuer's income or profits are, or might be, shared with any other person other than in the ordinary course of business on an arm's length basis and in compliance with Applicable Law;
- (iii) enter into any management contract or similar arrangement whereby the Issuer's business or operations are managed by any other person; or
- (iv) enter into any contractual obligation which adversely affect the financial standing of the Issuer;

(g) ***Statutory Auditor***

change the statutory auditor of the Issuer, other than as required under Applicable Law;

(h) ***Business***

undertake any new major businesses except in relation to financial services or diversify its business outside the financial services sector;

(i) ***Wilful Defaulter***

appoint (or continue with the appointment of) any director or any key managerial personnel (as defined in the Companies Act) that has been declared as a wilful defaulter by any bank or financial institution;

(j) ***Insolvency; Compromise with Creditors***

- (i) commit any act or undertake any action which may result in the commencement of an insolvency resolution process under the IBC read together with the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, or under

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any other Applicable Law, in respect of the Issuer, whether voluntarily or involuntarily;

- (ii) commit any act or undertake any action which may result in the commencement of any winding up proceedings with any court and/or tribunal; or
- (iii) enter into a compromise or arrangement or settlement with any of its creditors (secured and/or unsecured) that would prejudicially affect the interests of the Debenture Holders; or

(k) ***Management Control***

permit the occurrence of any change in the Management Control of the Issuer.

8.2.6. Events of Default and Remedies

8.2.6.1. Consequences and Remedies

If one or more events specified in Section 8.2.6.2 occur(s), unless such Event of Default is waived by the Debenture Trustee acting on the instructions of the Majority Debenture Holders, (a) upon the expiry of the cure period provided to the Issuer, if any, or (b) if the cure period provided is mutually extended by the Parties hereto upon the expiry of such extended period or (c) where no cure period is provided or it is not practical to provide a cure period, then forthwith, or (d) where no cure period has been provided and the Parties mutually agree to provide for a cure period, upon the expiry of such mutually, the Debenture Trustee shall if so directed by the Majority Debenture Holders and/or the Debenture Holders individually or collectively holding Debentures representing aggregate Outstanding Principal Amounts of at least INR 5,00,00,000 (Indian Rupees Five Crore), the Debenture Trustee may by a notice in writing to the Issuer, subject to applicable law and with the prior approval of the RBI (if so required), initiate actions as may be contemplated in the Transaction Documents including the following:

- (a) accelerate the redemption of Debentures and declare all or any of the Debentures and/or Obligations to be immediately due and payable, whereupon the Debentures shall become immediately due and payable;
- (b) require the Issuer to mandatorily redeem the Debentures and repay the principal amount on the Debentures, along with accrued but unpaid interest and other costs, charges and expenses incurred under or in connection with the DTD and the other Transaction Documents;
- (c) disclose information in respect of the Debentures and/or the Issuer, or publish the names of the directors of the Issuer with the relevant authorities or regulatory authorities such as TransUnion CIBIL Limited and/or any other agency so authorized by the RBI, in such manner that may deem fit to the Debenture Trustee;
- (d) appoint a nominee director in accordance with the Transaction Documents;
- (e) appoint any independent agency to inspect and examine the working of the Issuer and give a report to the Debenture Holders/the Debenture Trustee. The Issuer shall give full co-operation and provide necessary assistance to such agency and bear all costs and expenses of the examination including the professional fees and travelling and other expenses;
- (f) take all such other action expressly permitted under the DTD or in the other Transaction Documents or permitted under the Applicable Law (including initiating proceedings under the IBC, to the extent applicable);

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- (g) take any actions in respect of the SEBI Defaults (Procedure) Circular in accordance with the provisions of the DTD; and
- (h) exercise such other rights as the Debenture Trustee and/or the Debenture Holders have under the Transaction Documents and/or may deem fit under Applicable Law to protect the interests of the Debenture Holders without the intervention of any court and/or tribunal and without having to obtain the consent from the Issuer.

8.2.6.2. Events of Default

(a) ***Payment based Defaults***

- (i) The Issuer does not pay on the Due Date(s) any amount payable in terms of the Transaction Documents at the place at and in the currency in which it is expressed to be payable, unless its failure to pay is caused by technical error and payment is made within 1 (one) calendar day of the relevant Due Date.
- (ii) The Issuer, any of the Promoters of the Issuer or the subsidiary(ies) (as defined in the Companies Act) of the Issuer or holding company(ies) (as defined in the Companies Act) of the Issuer:
 - (A) defaults in any payment of Financial Indebtedness of more than INR 5,00,000 (Indian Rupees Five Lakh) beyond the period of grace (if any) provided in the instrument or agreement under which such Financial Indebtedness was created; or
 - (B) defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness, the effect of which default or other event or condition is to cause or to permit the holder(s) of such Financial Indebtedness to cause (with the giving of notice or the passage of time or both would permit or cause) any such Financial Indebtedness to become due prior to its stated maturity.

PROVIDED THAT if the event(s) mentioned under this paragraph (ii) are capable of being remedied in the sole discretion of the Debenture Holders, the Majority Debenture Holders may provide a cure period as deemed appropriate to them.

- (iii) any Financial Indebtedness of the Issuer of more than INR 5,00,000 (Indian Rupees Five Lakh) is declared to be due and payable, or would permit to be prepaid other than by a regularly scheduled required prepayment (whether or not such right shall have been waived) prior to the stated maturity thereof. PROVIDED THAT if the event(s) mentioned under this paragraph (iii) are capable of being remedied in the sole discretion of the Debenture Holders, the Majority Debenture Holders may provide a cure period as deemed appropriate to them.
- (iv) [INTENTIONALLY LEFT BLANK]
- (v) The Issuer is unable to or admits its inability in writing to, pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness.

(b) ***Covenants & Information based Defaults:***

- (i) The breach of any terms, covenants (including without limitation, covenants,

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reporting covenants and other undertakings) or obligations under the Transaction Documents.

- (ii) The Issuer fails to share any information within 5 (five) calendar days upon the request by the Debenture Holders.

(c) ***Defaults relating to the validity of the Transaction Documents***

- (i) The Debt Disclosure Documents or any other Transaction Document in whole or in part, becomes invalid or ceases to be a legally valid, binding and enforceable obligation of the Issuer.
- (ii) It is or becomes unlawful for the Issuer to perform any of its obligations under the Transaction Documents and/or any obligation or obligations of the Issuer under any Transaction Document are not or cease to be valid, binding or enforceable.
- (iii) Any representation or warranty made by the Issuer in any Transaction Document or in any certificate, financial statement or other document delivered to the Debenture Trustee/Debenture Holders by the Issuer shall prove to have been incorrect, false or misleading in any respect when made or deemed made.
- (iv) The Issuer repudiates any of the Transaction Documents, or evidences an intention to repudiate any of the Transaction Documents.

(d) ***Other Defaults***

- (i) The occurrence of a Material Adverse Effect and such Material Adverse Effect has not been remedied or rectified within a period of 15 (fifteen) calendar days.
- (ii) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (A) the suspension of payments, a moratorium of any indebtedness, winding-up, bankruptcy, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer;
 - (B) the composition, compromise, assignment or arrangement with any creditor of the Issuer;
 - (C) the appointment of a liquidator, resolution professional, receiver or similar other officer in respect of the Issuer;
 - (D) a composition, compromise, assignment or arrangement with any of the creditors of the Issuer;
 - (E) enforcement of any security over any Assets of the Issuer or any analogous procedure or step is taken in any jurisdiction; or
 - (F) any other event occurs or proceeding is instituted that under any Applicable Law would have an effect analogous to any of the events listed in paragraphs (A) to (E) above.
- (iii) Any Governmental Authority condemns, nationalizes, seizes, expropriates or otherwise assumes custody or control of all or any substantial part of the business, operations, property or other assets of the Issuer or of its share capital,

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or takes any action for the dissolution of the Issuer or any action that would prevent the Issuer or its officers from carrying on all or a substantial part of its business or operations.

- (iv) The Issuer's organizational status or any licenses or franchise is revoked or suspended by any Governmental Authority after the Issuer has exhausted all remedies and appeals relating thereof.
- (v) Any surrender, revocation or suspension of the Issuer's certificate of registration as a non-banking financial company by the RBI.
- (vi) The listing of the Debentures ceases or is suspended at any time prior to the Final Settlement Date.
- (vii) The Issuer ceases to carry on its business or any substantial part thereof or gives notice of its intention to do so.
- (viii) The Issuer has taken or suffered to be taken any action for reorganization of its capital or any rearrangement, merger or amalgamation without prior approval of the Debenture Holders in terms hereof.
- (ix) Any material act of fraud, embezzlement, misstatement, misappropriation, or siphoning off of the Issuer or any Promoter of the Issuer or revenues or any other act having a similar effect being committed by the management of the Issuer or the Promoters of the Issuer.
- (x) Any Promoter of the Issuer and/or the directors of the Issuer or the key managerial personnel (as defined in the Companies Act) of the Issuer are accused of, charged with, arrested or convicted of a criminal offence involving moral turpitude, dishonesty or which otherwise impinges on the integrity of such Promoters and/or directors and/or key managerial personnel of the Issuer, including any accusations, charges and/or convictions of any offence relating to bribery or are declared a willful defaulter.
- (xi) An application for corporate insolvency resolution process of the Issuer is filed or any form of communication indicating an intention to file such application is issued or any creditor of the Issuer takes any steps requesting the filing of such application, in each case, by the appropriate regulator (i.e., the RBI), under the IBC and the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019.
- (xii) The Issuer commences a voluntary proceeding under any applicable bankruptcy, insolvency, winding up or other similar law now or hereafter in effect (including by passing any resolution of the board of directors or the shareholders of the Issuer) or consents to the entry of an order for relief in an involuntary proceeding under any such law, or consents to the appointment of or the taking of possession by a receiver, liquidator, resolution professional, assignee (or similar official) for any or a substantial part of its property.
- (xiii) A petition is filed for the winding up of the Issuer under the Companies Act, 2013 and the same is not stayed or dismissed within a period of 15 (fifteen) days of its filing.
- (xiv) Any order/judgement passed by any of the regulatory authorities against any of any Promoter of the Issuer or the Promoter Group of the Issuer or the Issuer

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resulting in debarment of any Promoter of the Issuer or the Promoter Group of the Issuer or the Issuer for raising funds from the financial markets.

- (xv) The Issuer commences negotiations with one or more of its lenders, debenture trustees and/or debenture holders with a view to rescheduling any of its indebtedness or failure or inability of the Issuer to pay its debts as they mature.

In case of the occurrence of any of Events of Default under this Section 8.2.6.2, the Issuer shall have a cure period of the later of (A) the time period set out in the Section 8.2.6.2 above, or (B) 15 (fifteen) calendar days, to rectify/remedy such default. However, other than the cure period set out in the Section 8.2.6.2(a) and Section 8.2.6.2(b) above, there shall be no cure period for payment based defaults set out under Section 8.2.6.2(a) and the covenants and information based defaults set out under Section 8.2.6.2(b).

8.2.6.3. Notice on the Occurrence of an Event of Default

- (a) If any Event of Default or any event which, after the notice, or lapse of time, or both, would constitute an Event of Default, has occurred, the Issuer shall, forthwith give notice thereof to the Debenture Holders and the Debenture Trustee in writing specifying the nature of such event or Event of Default.
- (b) In addition to the foregoing, in accordance with the SEBI Defaults (Procedure) Circular, the Debenture Trustee shall send a notice to the Debenture Holders within 3 (three) days of the occurrence of an Event of Default, in accordance with the mode of delivery of notice mentioned therein, convening a meeting within 30 (thirty) days of the occurrence of an Event of Default. PROVIDED THAT if the Event of Default is cured or rectified within the intervening period between the date of the aforementioned notice from the Debenture Trustee to the date the aforementioned meeting is convened, no such meeting of the Debenture Holders shall be required. The Debenture Trustee shall maintain the details of the providing and receipt of such notice in accordance with the SEBI Defaults (Procedure) Circular.

8.2.6.4. Additional obligations of the Debenture Trustee

In respect of the SEBI Defaults (Procedure) Circular, the entering into, and the performance of any obligations under any inter-creditor agreement (pursuant to the Stressed Assets Framework) or any resolution plan shall be subject to the terms of the SEBI Defaults (Procedure) Circular (including without limitation, the resolution plan being finalised within the time period prescribed in the SEBI Defaults (Procedure) Circular, and exiting of the inter-creditor agreement on the occurrence of the matters prescribed under the SEBI Defaults (Procedure) Circular).

8.2.7. Listing and Monitoring Requirements

- (a) **Monitoring**

The Issuer will provide all such assistance to the Debenture Trustee as may be required by it, to carry out the necessary continuous and periodic due diligence and monitor the security cover (if any) in the manner as may be specified by SEBI from time to time. In this regard, in accordance with the SEBI Monitoring Circulars, the Issuer undertakes and agrees to provide all relevant documents/information, as applicable, to enable the Debenture Trustee to submit the following reports/certifications to BSE in accordance with the SEBI Monitoring Circulars:

- (i) (to the extent applicable) a security cover certificate on a quarterly basis, within (i) 75 (seventy five) days from each Quarterly Date (other than March 31 of the relevant calendar year), and (ii) 90 (ninety) days from March 31 of the relevant

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calendar year or such other timelines as may be prescribed under Applicable Law, in the format prescribed in the SEBI Monitoring Circulars;

- (ii) (to the extent applicable) a statement of the value of the pledged securities on a quarterly basis, within 60 (sixty) days from each Quarterly Date or such other timelines as may be prescribed under Applicable Law;
- (iii) (to the extent applicable) a statement of the value of the debt service reserve account or any other form of security offered on a quarterly basis, within 60 (sixty) days from each Quarterly Date or such other timelines as may be prescribed under Applicable Law;
- (iv) (to the extent applicable) a net worth certificate of the guarantor who has provided a personal guarantee in respect of the Debentures on a half yearly basis, within 60 (sixty) days from the end of each financial half-year or such other timelines as may be prescribed under Applicable Law;
- (v) (to the extent applicable) the financials/value of guarantor prepared on the basis of audited financial statement etc. of the guarantor who has provided a corporate guarantee in respect of the Debentures on an annual basis, within 75 (seventy five) days from the end of each Financial Year or such other timelines as may be prescribed under Applicable Law; and
- (vi) (to the extent applicable) the valuation report and title search report for the immovable/movable assets, as applicable, once in 3 (three) years, within 75 (seventy five) days from the end of the Financial Year or such other timelines as may be prescribed under Applicable Law.

(b) ***Recovery Expense Fund***

- (i) The Issuer hereby undertakes and confirms that it shall, within the time period prescribed under the SEBI Recovery Expense Fund Circular, establish, maintain and utilize the Recovery Expense Fund in such manner/mode as is prescribed under the SEBI Recovery Expense Fund Circular, to enable the Debenture Trustee to take prompt action in relation to the enforcement/legal proceedings under the Transaction Documents.
- (ii) The Issuer shall deposit cash or cash equivalents including bank guarantees towards the contribution to Recovery Expense Fund with the designated stock exchange and submit relevant documents evidencing the same to the Debenture Trustee from time to time.
- (iii) The Issuer shall ensure that any bank guarantees provided in respect of the Recovery Expense Fund remain valid for a period of 6 (six) months following the maturity date of the Debentures. The Issuer shall keep the bank guarantees in force and renew the bank guarantees at least 7 (seven) working days before its expiry, failing which the designated stock exchange may invoke such bank guarantee.
- (iv) On the occurrence of any Event of Default, the Debenture Trustee shall obtain the consent of Debenture Holders for enforcement/legal proceedings and shall inform the designated stock exchange of such occurrence and the obtaining of any consent in respect thereof (if any). The amount lying in the Recovery Expense Fund may be released to the Debenture Trustee within such time period and such manner as may be prescribed under the SEBI Recovery Expense Fund Circular. The Debenture Trustee shall keep a proper account of all expenses incurred out

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of the funds received from Recovery Expense Fund towards enforcement/legal proceedings under the Transaction Documents.

- (v) The amounts in the Recovery Expense Fund shall be refunded to the Issuer on repayment/redemption of the Debentures, following which a "no objection certificate" shall be issued by the Debenture Trustee(s) to the designated stock exchange. The Debenture Trustee shall ensure that there is no default on any other listed debt securities of the Issuer before issuing such "no objection certificate".

(c) ***Requirements under the LODR Regulations***

- (i) The Issuer agrees, declares and covenants with the Debenture Trustee that it will comply with all relevant requirements prescribed under the LODR Regulations applicable to it (including without limitation, Chapter IV of the LODR Regulations (to the extent applicable) and Chapter V of the LODR Regulations (to the extent applicable)).
- (ii) Without prejudice to (i) above, the Issuer shall, pursuant to Regulation 52(4) of the LODR Regulations, while submitting quarterly and annual financial results, disclose to BSE and the Debenture Trustee the following information along with the financial results:
 - (A) debt-equity ratio;
 - (B) debt service coverage ratio;
 - (C) interest service coverage ratio;
 - (D) outstanding redeemable preference shares (quantity and value);
 - (E) capital redemption reserve/debenture redemption reserve;
 - (F) net worth;
 - (G) net profit after tax;
 - (H) earnings per share;
 - (I) current ratio;
 - (J) long term debt to working capital;
 - (K) bad debts to account receivable ratio;
 - (L) current liability ratio;
 - (M) total debts to total assets;
 - (N) debtors' turnover;
 - (O) inventory turnover;
 - (P) operating margin percent; and
 - (Q) net profit margin percent.

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PROVIDED THAT where the above-mentioned information is not applicable to the Issuer, the Issuer shall disclose such other ratio/equivalent financial information, as may be required to be maintained under Applicable Law, if any.

(d) ***Due Diligence***

(i) The Issuer acknowledges, understands, and confirms that:

- (A) the Debenture Trustee shall carry out due diligence on continuous basis to ensure compliance by the Issuer, with the provisions of the Companies Act, the LODR Regulations, the Debt Listing Regulations, the Debenture Trustees Regulations, the SEBI Listed Debentures Circulars, the listing agreement of the stock exchange(s) where the Debentures are listed, the Transaction Documents, and any other regulations issued by SEBI pertaining to the Issue;
- (B) for the purposes of carrying out the due diligence as required in terms of the SEBI Listed Debentures Circulars, the Debenture Trustee, either through itself or its agents, advisors, consultants, shall have the power to examine the books of account of the Issuer and to have the Issuer's assets inspected by its officers and/or external auditors, valuers, consultants, lawyers, technical experts, management consultants appointed by the Debenture Trustee; and
- (C) the Debenture Trustee may at any time through its authorized representatives and agents, inspect books of account, records, registers of Company and the trust property (as set out in the DTD) to the extent necessary for discharging its obligations. The Issuer shall provide full and unimpeded access to the records, registers and books of accounts and facilitate in the inspection and due diligence process. Any fees, costs expenses incurred in conducting such inspection/due diligence process shall be fully borne by the Issuer. In the event, any fees, costs expenses are borne by the Debenture Trustee, the above shall be reimbursed forthwith by the Issuer upon request.

(ii) The Issuer shall submit documents/ information as the Debenture Trustee may require to conduct continuous and periodical due diligence and monitoring of the assets on which security interest/charge is created (if any), which shall, *inter alia*, include:

- (A) periodical status/ performance reports from the Issuer within 7 (seven) days of the relevant board meeting of the Issuer or within 45 (forty five) days of the respective quarter, whichever is earlier;
- (B) details with respect to defaults, if any, with regard to payment of interest or redemption of Debentures;
- (C) details with respect to the implementation of the conditions regarding creation of the security (if any) for the Debentures, debenture redemption reserve and Recovery Expense Fund;
- (D) (to the extent applicable) details with respect to the assets of the Issuer and of the guarantors to ensure that they are sufficient to discharge the interest and principal amount at all times and that such assets are free from any other encumbrances except those which are specifically agreed

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to by the Debenture Holders;

- (E) reports on the utilization of funds raised by the issue of Debentures;
 - (F) details with respect to conversion or redemption of the Debentures;
 - (G) (to the extent applicable) details with respect to dispatch of the debenture certificates and interest warrants, credit of the debentures in the demat account of the Debenture Holders and payment of amounts upon redemption of Debentures to the Debenture Holders due to them within the stipulated time period in accordance with the Applicable Law;
 - (H) (to the extent applicable) reports from the lead bank regarding the progress of the project relating to the proceeds of the Issue;
 - (I) details regarding monitoring of utilisation of funds raised in the issue of the Debentures;
 - (J) (to the extent applicable) certificate from the statutory auditors of the Issuer (A) in respect of utilisation of funds during the implementation period of the project relating to the proceeds of the Issue, and (B) in the case of Debentures issued for financing working capital, at the end of each accounting year; and
 - (K) such other documents or information as may be required by the Debenture Trustee in accordance with the Applicable Law.
- (iii) Without prejudice to any other provision of the DTD and the other Transaction Documents, the Issuer shall:
- (A) provide such documents/information and assistance to the Debenture Trustee as may be required by the Debenture Trustee to carry out the necessary due diligence and monitor the security cover (if any) on a quarterly basis in the manner as may be specified by SEBI from time to time;
 - (B) to the extent applicable, submit a certificate from the statutory auditor on a half-yearly basis, regarding the maintenance of security cover (if any) in accordance with the terms of the Debt Disclosure Documents and the other Transaction Documents including compliance with the covenants of the Debt Disclosure Documents and the other Transaction Documents in the manner as may be specified by SEBI from time to time;
 - (C) submit the following reports/certification (to the extent applicable) to the Debenture Trustee within the timelines mentioned below:

REPORTS/CERTIFICATES	TIMELINES FOR SUBMISSION REQUIREMENTS TO THE DEBENTURE TRUSTEE	TIMELINE FOR SUBMISSION OF REPORTS/CERTIFICATIONS BY DEBENTURE TRUSTEE
(To the extent applicable) Security cover certificate	Quarterly basis within 60 (sixty) days from each Quarterly Date or such other timelines as prescribed under Applicable Law or as may be mutually	Quarterly basis within (A) 75 (seventy five) days from each Quarterly Date (other than March 31 of the relevant calendar year), and (B) 90 (ninety) days from

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REPORTS/CERTIFICATES	TIMELINES FOR SUBMISSION REQUIREMENTS TO THE DEBENTURE TRUSTEE	TIMELINE FOR SUBMISSION OF REPORTS/CERTIFICATIONS BY DEBENTURE TRUSTEE
	agreed between the Parties.	March 31 of the relevant calendar year or such other timelines as may be prescribed under Applicable Law.
(To the extent applicable) A statement of value of pledged securities	Quarterly basis within 45 (forty five) days from each Quarterly Date or such other timelines as prescribed under Applicable Law or as may be mutually agreed between the Parties.	Quarterly basis within 60 (sixty) days from each Quarterly Date or such other timelines as may be prescribed under Applicable Law.
(To the extent applicable) A statement of value for Debt Service Reserve Account or any other form of security offered	Quarterly basis within 45 (forty five) days from each Quarterly Date or such other timelines as prescribed under Applicable Law or as may be mutually agreed between the Parties.	Quarterly basis within 60 (sixty) days from each Quarterly Date or such other timelines as may be prescribed under Applicable Law.
(To the extent applicable) Net worth certificate of guarantor (secured by way of personal guarantee)	Half yearly basis within such timelines as prescribed under Applicable Law or as may be mutually agreed between the Parties	Half yearly basis within 60 (sixty) days from the end of each financial half-year or such other timelines as may be prescribed under Applicable Law.
(To the extent applicable) Financials/value of guarantor prepared on basis of audited financial statement etc. of the guarantor (secured by way of corporate guarantee)	Annual basis within such timelines as prescribed under Applicable Law or as may be mutually agreed between the Parties	Annual basis within 75 (seventy five) days from the end of each Financial Year or such other timelines as may be prescribed under Applicable Law.
(To the extent applicable) Valuation report and title search report for the immovable/movable assets, as applicable	Within such timelines as prescribed under Applicable Law or as may be mutually agreed between the Parties	Once in 3 (three) years, within 75 (seventy five) days from the end of the Financial Year or such other timelines as may be prescribed under Applicable Law.

- (D) comply with all requirements under the SEBI Monitoring Circulars and the SEBI Due Diligence Circulars, and provide all documents/information as may be required in accordance with the SEBI Monitoring Circulars and the SEBI Due Diligence Circulars.

(e) **Forensic Audit**

In case of initiation of forensic audit (by whatever name called) in respect of the Issuer, the Issuer shall provide following information and make requisite disclosures to the stock exchanges:

- (i) the details of initiation of forensic audit along-with name of entity initiating the audit and reasons for such forensic audit, if available; and

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- (ii) the final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the Issuer along with comments of the management of the Issuer, if any.
- (f) **Others**
 - (i) The Issuer shall ensure due compliance and adherence to the SEBI Listed Debentures Circulars in letter and spirit.
 - (ii) To the extent applicable and required in terms of the SEBI Defaults (Procedure) Circular, the Debenture Trustee shall execute an "inter creditor agreement" in the manner prescribed under the SEBI Defaults (Procedure) Circular.
 - (iii) To the extent required/applicable, the Issuer shall provide intimation to the Debenture Trustee regarding (i) any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities issued by the Issuer, and (ii) all covenants of the issue (including side letters, event of default provisions/clauses etc.).
 - (iv) The Issuer shall promptly disclose and furnish to the Debenture Trustee, all documents/ information about or in relation to the Issuer or the Debentures, as requested by the Debenture Trustee to fulfil its obligations hereunder or to comply with any Applicable Law, including in relation to filing of its reports/ certification to stock exchange within the prescribed timelines.
 - (v) The Issuer and the Debenture Trustee hereby agree and covenant to comply with the requirements prescribed under the SEBI DLT Monitoring Circular in respect of the Debentures and the transactions contemplated in the Transaction Documents.

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SECTION 9: SPECIFIC DISCLOSURES FOR NBFCs

9.1 Details with regard to the lending done by the Issuer out of the issue proceeds of debt securities in last three years, including details regarding the following:

9.1.1. Lending policy: Should contain overview of origination, risk management, monitoring and collections:

Products

Our business and financing products are primarily focused on middle and low income customer segments, and include four principal categories: (i) micro-enterprise loans; (ii) SME loans; (iii) two-wheeler loans and (iv) Commercial Vehicle loans.

Micro-Enterprise Loans: We provide Loans up to INR 300,000 to Micro-Enterprises which primarily include retailers, traders, small manufacturers and service providers.

Small and Medium Enterprise (SME) Loans: We provide Loans of up to INR 50 Mn. to SMEs which primarily include manufacturers, distributors, dealers and service providers engaged in various industries. SME loans include working capital loans, loans for machinery and loans to purchase Industrial Sheds.

Two-wheeler Loans: We provide two-wheeler loans primarily to farmers, self-employed and salaried individuals as well as professionals.

Commercial Vehicle Loans: We provide loans up to ₹ 700,000 for the purchase of new and used commercial vehicles, used cars as well as tractors. In this segment, our customers primarily include traders and manufacturers (for loading vehicles), travel businesses and small road transport operators.

Retail Asset Channel (Loans to MFIs, HFCs and other NBFCs): We leverage our in-depth market knowledge and experience to identify other financial institutions focused on similar sectors. We extend loans to MFIs, NBFCs and HFCs with their respective portfolio of receivables as collateral. These financial institutions are focused on markets similar to ours, enabling us to expand our geographic presence. We leverage our extensive experience in the financial services sector to assist them with asset liability management issues and best practices. We have developed strategic relationships with these institutions based on our long-term association with them. We examine their operations to gain an understanding of the local markets, customer demographics and operational challenges.

We generally enter into non-exclusive long-term relationships with these financial institutions. We extend term loans with tenures tailored for specific product segments ranging between 12 to 60 months. The rate of interest is determined at the time of sanction of the loan based on profitability of the applicant, existing relationship and synergy with our business. Typically, a portion of their receivables and book debts are hypothecated to us (providing coverage of at least 100% of the outstanding loan amount). We have introduced stringent credit checks for such underlying loan portfolio, including inspection of the hypothecated loan portfolio to ensure it meets agreed credit policies, and replacement of any sub-standard underlying asset. We continuously monitor the quality of such hypothecated loan portfolio. In accordance with our arrangements with these institutional borrowers, we obtain a list of underlying portfolio of receivables within periods stipulated in the sanction letter. If any of these underlying assets turns sub-standard, they are required to be replaced with standard assets. This arrangement is to ensure that these assets are always standard in nature for various facilities that may be

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extended. Personal guarantees from promoters/directors are also a preferred form of security for these transactions. In addition, as agreed at the time of sanction, an agreed percentage of the loan amount is maintained as cash reserves or a specific amount is placed as a security deposit by these institutions. We also obtain demand promissory notes, letters of continuity and other general undertakings as collateral security. In certain circumstances, we also have the right to convert outstanding amounts into fully paid up shares in these institutional borrowers. In order to manage our risk profile, we limit the maximum exposure of a single such institutional borrower to 10-15% of our total lending to each such category of borrowers.

Customer Origination

Customer origination is primarily through our sales team. They inform our target customers on our various product offerings to enable us to generate leads which are then followed until disbursement. We have entered into commercial arrangements with a large number of sourcing intermediaries, including commission based DSAs and revenue sharing arrangements with various dealers and distributors where part of the loan default is guaranteed by such sourcing partners. In accordance with our arrangements with these sourcing partners, they are required to conduct a preliminary assessment of the applicant based on pre-determined criteria provided by us. The applications that fulfil the pre-determined criteria are forwarded to us with a letter of recommendation from the respective sourcing partner. The sourcing partner is also required to collect all necessary supporting documents for the application and applicable margin money. Our arrangements with these sourcing intermediaries are non-exclusive and beneficial in furthering the business objectives of all parties involved. In addition, our sales and marketing personnel are also situated at Commercial Vehicle and two-wheeler dealer locations.

Loan Administration and Disbursement

Our loan administration process is documented and centralized to ensure operational efficiency. The branch manager evaluates a loan proposal based on recommendations from the sourcing credit officer and supporting documentation. In addition, our branch managers also consider other factors in the approval process such as site visit reports, details gathered from interviews, length of residence, past repayment record, and income sources. The branch manager recommends the approval of the application to our Central Processing Unit if the proposal meets the criteria established for approval. The applicant is intimated of the outcome of the approval process. If approved, the applicant is provided details of the loan amount, terms and conditions of such financing, including the rate of interest and the application of interest during the tenure of the loan. The borrower is required to execute a standard form loan-cum-hypothecation agreement. A loan repayment schedule is attached as a schedule to loan cum hypothecation agreement. The loan amount is disbursed as a lump sum or in instalments depending on the terms and conditions of the loan. Margin money and other charges are collected prior to disbursement.

Loan Monitoring

We identify our customers with a unique identification number and can track loan repayment of our customers, on a monthly basis, based on outstanding tenure of loans, number of instalments due and defaults, if any. Our Central Processing Unit monitors compliance with terms and conditions of credit facilities. A complete set of documents are stored at the central office which is controlled and monitored by a warehouse-in-charge. Accounts of borrowers with larger exposure are specifically reviewed every quarter by the Risk Management Committee. Delinquent borrowers are under constant scrutiny and follow-up by the collection team. Our close monitoring and endeavours to improve debt servicing methods enable us to maintain low NPA ratios.

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Collection

Our collection procedures are primarily non-cash processes, either through post-dated cheques or through the NACH system or Direct Debit Instruction to ensure ease of monitoring financial transactions. Through a customer's unique identification number we are able to track and process all payments through these non-cash methods. On the due date of each monthly instalment, we send the post-dated checks or NACH mandates to the banks. Default, if any, is intimated to the originating branch which does a field-level follow up and collection. Our collection mechanism is built around maintaining customer relationships and adequate care is taken to ensure timely repayment while maintaining cordial relationships. We are, in certain cases, able to manage defaults through financial counselling and support. Any further failure to collect is reported to our legal team which initiates legal action for the seizure of collateral for recovery of dues.

Loan Recovery

We track loan repayment schedules of our customers regularly based on the outstanding tenure of the loans, the number of instalments due and the conduct of account.

Risk Management

Risk management forms an integral part of our business. As an NBFC, we are exposed to various risks related to our lending business and operating environment. Our objective is to evaluate and monitor various risks that we are subject to and follow stringent policies and procedures to address these risks. Our Risk Management Committee assists the Board in addressing various risks and discharging duties relating to corporate accountability. A documented, systematic assessment of processes and outcomes surrounding key risks including internal control is undertaken annually. The Risk Management Committee reviews the effectiveness of risk management systems in place and ensures that they are effectively managed. The Risk Management Committee also provides an independent and objective oversight of information on corporate accountability and risks, and takes into account reports of the Audit Committee on all categories of identified risks.

Risk Management Architecture

The major risks we face in our businesses are credit risk, concentration risks, interest rate risk, operational risk, liquidity risk and asset risk.

Credit Risk

Credit risk arises from loss that may occur from defaults by customers under loan agreements. Customer defaults and inability to recover such amount may lead to higher NPA ratios. Our product specific credit policies which include proposal evaluation and investigation procedure for credit appraisal of each applicant are approved by our Board. We manage our credit risk by evaluating the appropriate level of income and creditworthiness of our customers, carrying out cash flow analysis, setting credit limits and prudent LTV ratios. Credit exposure, credit limits and asset quality are regularly monitored at various levels.

Concentration Risk

Our experience coupled with customised credit policies has enabled us to mitigate concentration risks significantly. As part of our consistent growth strategy, we maintain a geographically diverse portfolio. Further, with a view to mitigate concentration risks, we have fixed the following ceilings for individual and group exposure in accordance with the prudential ceiling norms stipulated by RBI:

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Particulars	Cap	RBI guidelines
Individual Exposure	15% of owned funds	15% of owned funds
Group Exposure	25% of owned funds	25% of owned funds

Interest Rate Risk

We are subject to interest rate risk, particularly because we lend to customers mostly at fixed interest rates and for periods that may differ from our funding sources, which bear fixed and/ or floating interest rates. Interest rates are susceptible to a number of factors beyond our control, including monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We assess and manage interest rate risk on our balance sheet by managing our assets and liabilities in line with our asset and liability management policy.

We have an asset liability management policy, approved and adopted by our Board on recommendation by our Asset Liability Committee. Assets and liabilities are categorized into various buckets based on their maturities and repricing options. Efforts are made and action plans are drawn to ensure minimal mismatch, in line with guidelines prescribed by the RBI.

Operational Risk

Operational risks arise from inadequate or failed internal processes, people and systems or from external events. In order to control our operational risks, we have adopted well-defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed audit firms to conduct internal audits to assess adequacy of and compliance with internal controls, procedures and processes. Reports of internal auditors as well as measures proposed on matters reported are discussed and reviewed at Audit Committee meetings.

Liquidity Risk

Liquidity risk arises due to unavailability of adequate funds at appropriate prices or tenure. We attempt to minimize this risk through a mix of strategies, including assignment of receivables and short-term funding. We also monitor liquidity risk through adequate bank sanction limits at the beginning of each Fiscal. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. Through our asset and liability management policy, we cap maximum mismatches in various maturities in line with guidelines prescribed by the RBI.

Asset Risk

Asset risks arise from decrease in the value of collateral over time. Sale price of a repossessed asset may be less than the amount of loan and interest outstanding and we may not be able to realize the full amount lent to our customers due to such a decrease in the value of collateral. Our employees are required to follow legal procedures and take appropriate care in dealing with customers while repossessing assets. We may also face certain practical and execution challenges while seizing collateral.

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9.1.2. Classification of loans/ advances given to associates, entities/ person relating to board, senior management, promoters, others, etc.:

Nil

9.1.3. Classification of loans/ advances given, according to type of loans, denomination of loan outstanding by loan to value, sectors, denomination of loans outstanding by ticket size, geographical classification of borrowers, maturity profile etc.:

Please refer Section 9.3 below.

9.1.4. Aggregated exposure to the top 20 borrowers with respect to the concentration of advances, exposures to be disclosed in the manner as prescribed by RBI in its stipulations on Corporate Governance for NBFCs or HFCs, from time to time:

(INR in Lakh)

Name of the Borrower	Type of Borrower	Total Sanctioned Loan Amount	Disbursed Loan Amount	Un-disbursed Loan Amount	Total Principal Outstanding Amount	Total Accrued Interest Amount	Status of Account	Amount Outstanding
NBFC-PARTNER-1	Corporate	20500	20500	0	11002.37	54.65	Standard	11057.02
NBFC-PARTNER-2	Corporate	17000	17000	0	10308.47	35.99	Standard	10344.46
NBFC-PARTNER-3	Corporate	12500	12500	0	9804.01	58.96	Standard	9862.97
NBFC-PARTNER-4	Corporate	22000	22000	0	7831.61	63.65	Standard	7895.26
NBFC-PARTNER-5	Corporate	23250	23250	0	6770.36	52.73	Standard	6823.09
NBFC-PARTNER-6	Corporate	7500	7500	0	6574.58	40.35	Standard	6614.93
NBFC-PARTNER-7	Corporate	10000	10000	0	6401.58	7.12	Standard	6408.69
NBFC-PARTNER-8	Corporate	6000	6000	0	6097.08	9.92	Standard	6107.00
NBFC-PARTNER-9	Corporate	15700	15700	0	5859.17	32.54	Standard	5891.71
NBFC-PARTNER-10	Corporate	6000	6000	0	5795.06	12.22	Standard	5807.27
NBFC-PARTNER-11	Corporate	9000	9000	0	5598.51	23.38	Standard	5621.89
NBFC-PARTNER-12	Corporate	8000	8000	0	5422.29	1.32	Standard	5423.60
NBFC-PARTNER-13	Corporate	8900	8900	0	4783.39	22.44	Standard	4805.84
NBFC-PARTNER-14	Corporate	11350	11350	0	4659.28	25.97	Standard	4685.25
NBFC-PARTNER-15	Corporate	5000	5000	0	4584.22	15.82	Standard	4600.05
NBFC-PARTNER-16	Corporate	8600	8600	0	4032.34	49.23	Standard	4081.58
NBFC-PARTNER-17	Corporate	8500	8500	0	3917.38	22.91	Standard	3940.28
NBFC-PARTNER-18	Corporate	4000	4000	0	3838.49	5.45	Standard	3843.94
NBFC-PARTNER-19	Corporate	8500	8500	0	3663.70	9.61	Standard	3673.30
NBFC-PARTNER-20	Corporate	3500	3500	0	3506.44	2.16	Standard	3508.61

9.1.5. Details of loans, overdue and classified as non-performing in accordance with RBI stipulations:

Please refer Section 9.3 below.

9.2 In order to allow investors to better assess the debt securities issued by the NBFC/ HFC, the following disclosures shall also be made by such Issuer:

9.2.1. A portfolio summary with regard to industries/ sectors to which borrowings have been made:

Please refer Section 9.3 below.

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9.2.2. NPA exposures of the issuer for the last three financial years (both gross and net exposures) and provisioning made for the same as per the last audited financial statements of the Issuer:

Please refer Section 9.3 below.

9.2.3. Quantum and percentage of secured vis-à-vis unsecured borrowings made:

Please refer Section 9.3 below.

9.2.4. Any change in promoters' holdings during the last financial year beyond the threshold, as prescribed by RBI:

No such change has occurred in the previous financial year.

9.3 Classification of loans/ advances given according to:

9.3.1. Type of loans:

Details of types of loans

S. No.	Type of loans	INR, Lakhs
1	Secured	3,92,026.11
2	Unsecured	1,45,218.03
	Total assets under management (AUM)*^	5,37,244.14

**Information required at borrower level (and not by loan account as customer may have multiple loan accounts);*

^Issuer is also required to disclose off balance sheet items;

9.3.2. Denomination of loans outstanding by loan-to-value:

Details of LTV

S. No.	LTV (at the time of origination)	Percentage of AUM
1.	Up to 40%	0.14%
2.	40-50%	0.21%
3.	50-60%	0.08%
4.	60-70%	0.31%
5.	70-80%	6.67%
6.	80-90%	81.51%
7.	>90	11.07%
	Total	100.00%

9.3.3. Sectoral exposure:

Details of sectoral exposure

S. No.	Segment-wise break-up of AUM	Percentage of AUM
1.	Retail	
A)	Mortgages (home loans and loans against property)	-

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B)	Gold loans	-
C)	Vehicle finance	5.86%
D)	MFI	-
E)	MSME	35.67%
F)	Capital market funding (loans against shares, margin funding)	-
G)	Others	-
2.	Wholesale	
A)	Infrastructure	-
B)	Real estate (including builder loans)	-
C)	Promoter funding	-
D)	Any other sector (as applicable)	-
E)	Others	58.48%
	Total	100.00%

9.3.4. Denomination of loans outstanding by ticket size*:

Details of outstanding loans :

S. No.	Ticket size (at the time of origination)	Percentage of AUM
1.	Up to INR 2 lakh	27.75%
2.	INR 2-5 Lakh	2.38%
3.	INR 5-10 Lakh	1.32%
4.	INR 10-25 Lakh	0.82%
5.	INR 25-50 Lakh	0.86%
6.	INR 50 Lakh - 1 crore	1.10%
7.	INR 1-5 crore	3.02%
8.	INR 5-25 crore	11.89%
9.	INR 25-100 crore	32.21%
10.	> INR 100 crore	18.64%
	Total	100.00%

** Information required at the borrower level (and not by loan account as a customer may have multiple loan accounts);*

9.3.5. Geographical classification of borrowers:

Top 5 states borrower wise

S. No.	Top 5 States	Percentage of AUM
1.	GUJARAT	49.78%
2.	MAHARASHTRA	13.68%
3.	TAMIL NADU	11.67%
4.	RAJASTHAN	10.26%
5.	KARNATAKA	6.66%

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	Total	92.05%

9.3.6. Details of loans overdue and classified as non-performing in accordance with RBI's stipulations:

Movement of gross NPA#

(in INR Lakh)

Movement of gross NPA*	2018-19	2019-20	2020-21	2021-22
Opening gross NPA	4,746.91	6,579.60	6,291.85	6,442.50
- Additions during the year	8,293.74	9,740.88	2,970.58	9,979.81
- Reductions during the year	6,461.05	10,028.63	2,819.93	5,932.91
Closing balance of gross NPA	6,579.60	6,291.85	6,442.50	10,489.40

*NPA Recognition policy: 90 Days

#As per Standalone Financials of the company

Movement of provisions for NPA

Movement of provisions for NPA	2018-19	2019-20	2020-21	2021-22
Opening balance	464.57	1,354.42	1,905.35	3,954.90
- Provisions made during the year	1,198.68	1,722.13	1,129.79	6,012.22
- Write-off/ Write-back of excess Provisions	308.83	1,171.20	547.54	3,947.52
Closing balance	1,354.42	1,905.35	2,487.60	6,019.61

9.3.7. Segment-wise gross NPA:

Segment wise gross NPA (On AUM Basis)

S. No.	Segment-wise gross NPA	Gross NPA (%)
1.	Retail	
(A)	Mortgages (home loans and loans against property)	
(B)	Gold loans	
(C)	Vehicle loans	4.60%
(D)	MFI	
(E)	MSME	4.26%
(F)	Capital market funding (loans against shares, margin funding)	
(G)	Others	
2.	Wholesale	
(A)	Infrastructure	
(B)	Real estate (including builder loans)	
(C)	Promoter funding	
(D)	Any other sector (as applicable)	
(E)	Others	0.27%
	Total	1.94%

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9.3.8. Residual maturity profile of assets and liabilities (in line with the RBI format):

Residual maturity profile of assets and liabilities

Category	Up to 30/31 days	>1 month - 2 months	>2 months - 3 months	>3 months - 6 months	>6 months - 1 year	>1 year - 3 years	>3 years - 5 years	> 5 years	Total
Bank Fixed Deposits	38,011. 62	7,809.8 8	1,702.0 6	-	1,026.92	-	2,137.5 4	-	50,688.0 2
Advances	22,225. 10	21,376. 05	21,989. 93	62,696. 52	1,01,753. 35	1,30,109. 48	18,519. 99	1,842. 98	3,80,513. 40
Investme nts	650.18	749.53	706.86	1,851.7 6	2,148.82	14,051.2 3	666.67	2,678. 31	23,503.3 6
Borrowin gs	5,822.1 2	3,412.5 5	9,343.7 3	16,082. 01	1,98,411. 74	72,670.0 0	21,128. 11	2,513. 11	3,29,383. 37
FCA*	-	-	-	-	-	-	-	-	-
FCL*	-	-	-	-	-	-	-	-	-

*FCA – Foreign Currency Assets; FCL – Foreign Currency Liabilities

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9.4 Disclosure of latest ALM statements to stock exchange:

Particulars		0 day to 7 days	8 days to 14 days	15 days to 30/31 days (One month)	Over one month and upto 2 months	Over two months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
		X010	X020	X030	X040	X050	X060	X070	X080	X090	X100	X110
A. OUTFLOWS												
1.Capital (i+ii+iii+iv)	Y010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,466.20	5,466.20
(i) Equity Capital	Y020	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,466.20	5,466.20
(ii) Perpetual / Non Redeemable Preference Shares	Y030	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Non-Perpetual / Redeemable Preference Shares	Y040	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Others	Y050	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.Reserves & Surplus (i+ii+iii+iv+v+vi+vii+viii+ix+x+xi+xii+xi i+xiii)	Y060	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,15,558.70	1,15,558.70
(i) Share Premium Account	Y070	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42,687.43	42,687.43
(ii) General Reserves	Y080	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Statutory/Special Reserve (Section 45-IC reserve to be shown separately below item no.(vii))	Y090	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Reserves under Sec 45-IC of RBI Act 1934	Y100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,392.07	17,392.07
(v) Capital Redemption Reserve	Y110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(vi) Debenture Redemption	Y120	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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Reserve												
(vii) Other Capital Reserves	Y1 30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(viii) Other Revenue Reserves	Y1 40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ix) Investment Fluctuation Reserves/ Investment Reserves	Y1 50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(x) Revaluation Reserves (a+b)	Y1 60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(a) Revl. Reserves - Property	Y1 70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Revl. Reserves - Financial Assets	Y1 80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(xi) Share Application Money Pending Allotment	Y1 90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(xii) Others (Please mention)	Y2 00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,149.02	12,149.02
(xiii) Balance of profit and loss account	Y2 10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43,330.18	43,330.18
3. Gifts, Grants, Donations & Benefactions	Y2 20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Bonds & Notes (i+ii+iii)	Y2 30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Plain Vanilla Bonds (As per residual maturity of the instruments)	Y2 40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Bonds with embedded call / put options including zero coupon / deep discount bonds (As per residual period for the earliest exercise date for the embedded option)	Y2 50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Fixed Rate Notes	Y2 60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Deposits (i+ii)	Y2 70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Term Deposits from	Y2 80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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Public												
(ii) Others	Y2 90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.Borrowings (i+ii+iii+iv+v+vi+vii +viii+ix+x+xi+xii+xi ii+xiv)	Y3 00	3,35 8.56	320. 80	1,98 6.25	4,69 9.32	11,2 58.6 5	20,8 33.0 9	1,92, 325. 31	91,6 04.2 7	21,9 02.2 5	2,98 3.75	3,51, 272. 24
(i) Bank Borrowings (a+b+c+d+e+f)	Y3 10	2,68 2.09	0.00	504. 79	2,91 2.80	7,54 9.14	11,3 71.7 2	1,54, 661. 16	49,7 66.9 2	13,7 32.2 4	0.00	2,43, 180. 87
a) Bank Borrowings in the nature of Term Money Borrowings (As per residual maturity)	Y3 20	2,68 2.09	0.00	504. 79	2,91 2.80	7,54 9.14	11,3 71.7 2	21,1 45.5 8	49,7 66.9 2	13,7 32.2 4	0.00	1,09, 665. 29
b) Bank Borrowings in the nature of WCDL	Y3 30	0.00	0.00	0.00	0.00	0.00	0.00	1,07, 994. 50	0.00	0.00	0.00	1,07, 994. 50
c) Bank Borrowings in the nature of Cash Credit (CC)	Y3 40	0.00	0.00	0.00	0.00	0.00	0.00	25,5 21.0 8	0.00	0.00	0.00	25,5 21.0 8
d) Bank Borrowings in the nature of Letter of Credit (LCs)	Y3 50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Bank Borrowings in the nature of ECBs	Y3 60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Other bank borrowings	Y3 70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Inter Corporate Deposits (Other than Related Parties) (These being institutional / wholesale deposits, shall be slotted as per their residual maturity)	Y3 80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Loans from Related Parties (including ICDs)	Y3 90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Corporate Debts	Y4 00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(v) Borrowings from Central Government / State Government	Y4 10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(vi) Borrowings from	Y4 20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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RBI												
(vii) Borrowings from Public Sector Undertakings (PSUs)	Y4 30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(viii) Borrowings from Others (Please specify)	Y4 40	676. 47	320. 80	1,48 1.45	1,78 6.52	3,70 9.51	7,46 2.99	12,8 01.0 4	21,3 37.3 5	8,17 0.01	2,98 3.75	60,7 29.8 8
(ix) Commercial Papers (CPs)	Y4 50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of which; (a) To Mutual Funds	Y4 60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) To Banks	Y4 70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) To NBFCs	Y4 80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) To Insurance Companies	Y4 90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) To Pension Funds	Y5 00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) To Others (Please specify)	Y5 10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(x) Non - Convertible Debentures (NCDs) (A+B)	Y5 20	0.00	0.00	0.00	0.00	0.00	0.00	24,8 63.1 0	16,5 00.0 0	0.00	0.00	41,3 63.1 0
A. Secured (a+b+c+d+e+f+g)	Y5 30	0.00	0.00	0.00	0.00	0.00	0.00	24,8 63.1 0	16,5 00.0 0	0.00	0.00	41,3 63.1 0
Of which; (a) Subscribed by Retail Investors	Y5 40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Subscribed by Banks	Y5 50	0.00	0.00	0.00	0.00	0.00	0.00	24,8 63.1 0	0.00	0.00	0.00	24,8 63.1 0
(c) Subscribed by NBFCs	Y5 60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,4 50.0 0	0.00	0.00	10,4 50.0 0
(d) Subscribed by Mutual Funds	Y5 70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) Subscribed by Insurance Companies	Y5 80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Subscribed by Pension Funds	Y5 90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Y6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,05	0.00	0.00	6,05

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(g) Others (Please specify)	00								0.00			0.00
B. Un-Secured (a+b+c+d+e+f+g)	Y6 10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of which; (a) Subscribed by Retail Investors	Y6 20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Subscribed by Banks	Y6 30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) Subscribed by NBFCs	Y6 40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Subscribed by Mutual Funds	Y6 50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) Subscribed by Insurance Companies	Y6 60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Subscribed by Pension Funds	Y6 70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g) Others (Please specify)	Y6 80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(xi) Convertible Debentures (A+B) (Debentures with embedded call / put options As per residual period for the earliest exercise date for the embedded option)	Y6 90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A. Secured (a+b+c+d+e+f+g)	Y7 00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of which; (a) Subscribed by Retail Investors	Y7 10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Subscribed by Banks	Y7 20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) Subscribed by NBFCs	Y7 30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Subscribed by Mutual Funds	Y7 40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) Subscribed by	Y7 50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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Insurance Companies												
(f) Subscribed by Pension Funds	Y7 60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g) Others (Please specify)	Y7 70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B. Un-Secured (a+b+c+d+e+f+g)	Y7 80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of which; (a) Subscribed by Retail Investors	Y7 90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Subscribed by Banks	Y8 00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) Subscribed by NBFCs	Y8 10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Subscribed by Mutual Funds	Y8 20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) Subscribed by Insurance Companies	Y8 30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Subscribed by Pension Funds	Y8 40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g) Others (Please specify)	Y8 50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(xii) Subordinate Debt	Y8 60	0.00	0.00	0.00	0.00	0.00	1.99 8.38	0.00	4.00 0.00	0.00	0.00	5.99 8.38
(xiii) Perpetual Debt Instrument	Y8 70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(xiv) Security Finance Transactions(a+b+c+d)	Y8 80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
a) Repo (As per residual maturity)	Y8 90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Reverse Repo (As per residual maturity)	Y9 00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) CBLO (As per residual maturity)	Y9 10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Others (Please Specify)	Y9 20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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7.Current Liabilities & Provisions (a+b+c+d+e+f+g+h)	Y9 30	3,82 9.63	3,49 0.56	12,4 07.7 4	876. 04	202. 33	103. 38	469. 25	1,52 7.76	0.00	0.00	22,9 06.6 8
a) Sundry creditors	Y9 40	3,37 6.39	3,48 2.88	11,1 47.2 3	9.85	9.53	28.5 9	58.4 4	0.00	0.00	0.00	18,1 12.8 9
b) Expenses payable (Other than Interest)	Y9 50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) Advance income received from borrowers pending adjustment	Y9 60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Interest payable on deposits and borrowings	Y9 70	453. 24	7.68	1,26 0.51	866. 19	192. 80	74.7 9	0.00	160. 48	0.00	0.00	3,01 5.70
(e) Provisions for Standard Assets	Y9 80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Provisions for Non Performing Assets (NPAs)	Y9 90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g) Provisions for Investment Portfolio (NPI)	Y1 00 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(h) Other Provisions (Please Specify)	Y1 01 0	0.00	0.00	0.00	0.00	0.00	0.00	410. 81	1,36 7.28	0.00	0.00	1,77 8.09
8.Statutory Dues	Y1 02 0	55.7 7	0.00	54.0 7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	109. 84
9.Unclaimed Deposits (i+ii)	Y1 03 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Pending for less than 7 years	Y1 04 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Pending for greater than 7 years	Y1 05 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10.Any Other Unclaimed Amount	Y1 06 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.Debt Service Realisation Account	Y1 07 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12.Other Outflows	Y1 08 0	122. 23	107. 89	282. 69	458. 04	422. 23	961. 55	1,16 2.60	909. 10	42.7 8	14.1 1	4,48 3.22
13.Outflows On	Y1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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Account of Off Balance Sheet (OBS) Exposure (i+ii+iii+iv+v+vi+vii)	090											
(i) Loan commitments pending disbursement	Y1100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Lines of credit committed to other institution	Y1110	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Total Letter of Credits	Y1120	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Total Guarantees	Y1130	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(v) Bills discounted/rediscouted	Y1140	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(vi) Total Derivative Exposures (a+b+c+d+e+f+g+h)	Y1150	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(a) Forward Forex Contracts	Y1160	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Futures Contracts	Y1170	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) Options Contracts	Y1180	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Forward Rate Agreements	Y1190	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) Swaps - Currency	Y1200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Swaps - Interest Rate	Y1210	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g) Credit Default Swaps	Y1220	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(h) Other Derivatives	Y1230	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(vii) Others	Y1240	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A. TOTAL OUTFLOWS (A) (Sum of 1 to 13)	Y1250	7,366.18	3,919.25	14,730.74	6,033.40	11,883.21	21,898.02	1,939.57	94,041.13	21,945.02	1,240.22	4,997.89

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A1. Cumulative Outflows	Y1 26 0	7,36 6.18	11,2 85.4 3	26,0 16.1 7	32,0 49.5 7	43,9 32.7 9	65,8 30.8 1	2,59, 787. 97	3,53, 829. 10	3,75, 774. 12	4,99, 796. 89	4,99, 796. 89
B. INFLOWS												
1. Cash (In 1 to 30/31 day time-bucket)	Y1 27 0	8.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.53
2. Remittance in Transit	Y1 28 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Balances With Banks	Y1 29 0	29,6 98.0 7	18,8 05.2 3	12,3 72.8 3	10,7 19.7 5	4,77 2.63	25.2 9	2,52 0.07	123. 95	2,03 1.88	0.00	81,0 69.6 9
a) Current Account (The stipulated minimum balance be shown in 6 months to 1 year bucket. The balance in excess of the minim balance be shown in 1 to 30 day time bucket)	Y1 30 0	21,9 75.9 1	0.00	12.6 6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,9 88.5 7
b) Deposit Accounts /Short-Term Deposits (As per residual maturity)	Y1 31 0	7,72 2.16	18,8 05.2 3	12,3 60.1 7	10,7 19.7 5	4,77 2.63	25.2 9	2,52 0.07	123. 95	2,03 1.88	0.00	59,0 81.1 2
4.Investments (Net of Provisions) (i+ii+iii+iv+v)	Y1 32 0	0.00	0.00	3,68 1.26	743. 00	970. 18	2,19 4.18	1,81 6.49	10,2 06.4 2	1,00 0.00	3,36 2.61	23,9 74.1 4
(i) Statutory Investments (only for NBFCs-D)	Y1 33 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Listed Investments	Y1 34 0	0.00	0.00	2,49 6.21	0.00	0.00	0.00	0.00	7,02 7.75	0.00	0.00	9,52 3.97
(a) Current	Y1 35 0	0.00	0.00	2,49 6.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,49 6.21
(b) Non-current	Y1 36 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,02 7.75	0.00	0.00	7,02 7.75
(iii) Unlisted Investments	Y1 37 0	0.00	0.00	1,18 5.05	743. 00	970. 18	2,19 4.18	1,81 6.49	3,17 8.66	1,00 0.00	3,36 2.61	14,4 50.1 8
(a) Current	Y1 38 0	0.00	0.00	488. 14	357. 70	336. 32	839. 16	140. 07	0.00	0.00	0.00	2,16 1.40
(b) Non-current	Y1 39 0	0.00	0.00	696. 91	385. 30	633. 86	1,35 5.02	1,67 6.41	3,17 8.66	1,00 0.00	3,36 2.61	12,2 88.7 7
(iv) Venture Capital	Y1 40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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Units	0											
(v) Others (Please Specify)	Y1 41 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.Advances (Performing)	Y1 42 0	3,72 2.16	4,15 5.74	18,7 57.0 4	22,3 05.4 5	22,4 64.1 5	62,1 21.0 5	1,01, 773. 14	1,28, 226. 60	9,26 0.48	1,36 4.79	3,74, 150. 59
(i) Bills of Exchange and Promissory Notes discounted & rediscounted (As per residual usage of the underlying bills)	Y1 43 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Term Loans (The cash inflows on account of the interest and principal of the loan may be slotted in respective time buckets as per the timing of the cash flows as stipulated in the original / revised repayment schedule)	Y1 44 0	2,88 1.21	3,59 6.48	17,8 01.7 7	22,3 05.4 5	22,4 64.1 5	62,1 21.0 5	1,01, 773. 14	1,28, 226. 60	9,26 0.48	1,36 4.79	3,71, 795. 13
(a) Through Regular Payment Schedule	Y1 45 0	2,88 1.21	3,59 6.48	17,8 01.7 7	22,3 05.4 5	22,4 64.1 5	62,1 21.0 5	1,01, 773. 14	1,22, 319. 13	4,76 6.23	1,36 4.79	3,61, 393. 41
(b) Through Bullet Payment	Y1 46 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,90 7.47	4,49 4.26	0.00	10,4 01.7 3
(iii) Interest to be serviced through regular schedule	Y1 47 0	699. 34	559. 25	955. 26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,21 3.86
(iv) Interest to be serviced to be in Bullet Payment	Y1 48 0	141. 60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	141. 60
6.Non- Performing Loans (Net of Provisions)	Y1 49 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,15 4.13	212. 44	7,36 6.56
(i) Substandard	Y1 50 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,15 4.13	212. 44	7,36 6.56
(a) All over dues and instalments of principal falling due during the next three years	Y1 51 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,15 4.13	0.00	7,15 4.13

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(In the 3 to 5 year time-bucket)												
(b) Entire principal amount due beyond the next three years (In the over 5 years time-bucket)	Y1 52 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	212.44	212.44
(ii) Doubtful and loss	Y1 53 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(a) All instalments of principal falling due during the next five years as also all over dues (In the over 5 years time-bucket)	Y1 54 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Entire principal amount due beyond the next five years (In the over 5 years time-bucket)	Y1 55 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7. Inflows From Assets On Lease	Y1 56 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8. Fixed Assets (Excluding Assets On Lease)	Y1 57 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,115.23	6,115.23
9. Other Assets :	Y1 58 0	127.80	127.84	468.72	437.03	375.13	868.16	1,930.45	619.85	8.35	2,148.81	7,112.13
(a) Intangible assets & other non-cash flow items (In the 'Over 5 year time bucket)	Y1 59 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.98	6.98
(b) Other items (e.g. accrued income, other receivables, staff loans, etc.) (In respective maturity buckets as per the timing of the cash flows)	Y1 60 0	0.00	0.00	14.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.74
(c) Others	Y1 61 0	127.80	127.84	453.98	437.03	375.13	868.16	1,930.45	619.85	8.35	2,148.81	7,090.41
10. Security Finance Transactions (a+b+c+d)	Y1 62 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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a) Repo (As per residual maturity)	Y1 63 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Reverse Repo (As per residual maturity)	Y1 64 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) CBLO (As per residual maturity)	Y1 65 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Others (Please Specify)	Y1 66 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.Inflows On Account of Off Balance Sheet (OBS) Exposure (i+ii+iii+iv+v)	Y1 67 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i)Loan committed by other institution pending disbursal	Y1 68 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)Lines of credit committed by other institution	Y1 69 0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Bills discounted/redisc ounted	Y1 70 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iv)Total Derivative Exposures (a+b+c+d+e+f+g+h)	Y1 71 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(a) Forward Forex Contracts	Y1 72 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(b) Futures Contracts	Y1 73 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(c) Options Contracts	Y1 74 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(d) Forward Rate Agreements	Y1 75 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(e) Swaps - Currency	Y1 76 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(f) Swaps - Interest Rate	Y1 77 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(g) Credit Default Swaps	Y1 78 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(h) Other	Y1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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Derivatives	79 0											
(v)Others	Y1 80 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B. TOTAL INFLOWS (B) (Sum of 1 to 11)	Y1 81 0	33,5 56.5 5	23,0 88.8 1	35,2 79.8 4	34,2 05.2 3	28,5 82.1 0	65,2 08.6 8	1,08, 040. 15	1,39, 176. 82	19,4 54.8 4	13,2 03.8 7	4,99, 796. 88
C. Mismatch (B - A)	Y1 82 0	26,1 90.3 7	19,1 69.5 6	20,5 49.1 0	28,1 71.8 3	16,6 98.8 8	43,3 10.6 5	- 85,9 17.0 1	45,1 35.6 8	- 2,49 0.18	- 1,10, 818. 89	0.00
D. Cumulative Mismatch	Y1 83 0	26,1 90.3 7	45,3 59.9 3	65,9 09.0 3	94,0 80.8 6	1,10, 779. 74	1,54, 090. 39	68,1 73.3 9	1,13, 309. 07	1,10, 818. 89	0.00	0.00
E. Mismatch as % of Total Outflows	Y1 84 0	355. 55%	489. 11%	139. 50%	466. 93%	140. 52%	197. 78%	- 44.3 0%	48.0 0%	- 11.3 5%	- 89.3 5%	0.00 %
F. Cumulative Mismatch as % of Cumulative Total Outflows	Y1 85 0	355. 55%	401. 93%	253. 34%	293. 55%	252. 16%	234. 07%	26.2 4%	32.0 2%	29.4 9%	0.00 %	0.00 %

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SECTION 10: OTHER INFORMATION AND APPLICATION PROCESS

The Debentures being offered as part of the Issue are subject to the provisions of the Act, the Memorandum and Articles of Association of the Issuer, the terms of this Placement Memorandum, Application Form and other terms and conditions as may be incorporated in the Transaction Documents.

10.1 Mode of Transfer/Transmission of Debentures

The Debentures shall be transferable freely; however, it is clarified that no Investor shall be entitled to transfer the Debentures to a person who is not entitled to subscribe to the Debentures. The Debenture(s) shall be transferred and/or transmitted in accordance with the applicable provisions of the Act and other applicable laws. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the Register of Debenture Holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

10.2 Debentures held in Dematerialised Form

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/EFT/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. The names would be as per the R&T Agent's records on the Record Date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the relevant Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by EFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

10.3 Debenture Trustee for the Debenture Holder(s)

The Issuer has appointed Catalyst Trusteeship Limited to act as trustee for the Debenture Holder(s). The Issuer and the Debenture Trustee have entered/intend to enter into the Debenture Trustee Agreement and the Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and coupon thereon and they will take necessary action, subject to and in accordance with the Debenture Trustee Agreement and the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so. The Debenture Trustee Agreement and the Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

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10.4 Sharing of Information

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holder(s) available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

10.5 Debenture Holder not a Shareholder

The Debenture Holder(s) shall not be entitled to any right and privileges of shareholders other than those available to them under the Act. The Debentures shall not confer upon the Debenture Holders the right to receive notice(s) or to attend and to vote at any general meeting(s) of the shareholders of the Issuer.

10.6 Modification of Debentures

Any Transaction Document may be modified or amended with the written consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) by way of an instrument in writing executed by the Issuer and the Debenture Trustee.

10.7 Right to accept or reject Applications

The Board of Directors/Committee of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

10.8 [INTENTIONALLY LEFT BLANK]

10.9 Notices

Any notice, in respect of the Debentures, may be served by the Issuer upon the Debenture Trustee/Debenture Holders in accordance with the terms of the Transaction Documents.

10.10 Issue Procedure

Only Eligible Investors as given hereunder may apply for the Debentures by completing the Application Form in the prescribed format in block letters in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the Application Form. No application can be made for a fraction of a Debenture. Application Forms should be duly completed in all respects and applications not completed in the said manner are liable to be rejected. The name of the Applicant's bank, type of account and account number must be duly completed by the Applicant. This is required for the Applicant's own safety and these details will be printed on the refund orders and /or redemptions warrants.

The Applicant should transfer payments required to be made in any relation by EFT/RTGS, to the bank account as per the details mentioned in the Application Form.

The subscription to the Debentures shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the EBP Requirements by placing bids on the EBP Platform during the Issue period. The Issuer will make the bidding announcement on the EBP Platform at least 1 (one) Business Day before initiating the bidding process in accordance with the EBP Requirements. In case the Eligible Investors are not registered on the EBP Platform, they will have to register themselves as an "investor" on the EBP Platform (as a one-time exercise) and also complete the mandatory "know your customer" verification process. The Eligible Investors should also refer to the operational guidelines of the relevant EBP in this respect. The disclosures required pursuant to the EBP Requirements are set out herein below:

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Details of size of issue including green shoe option, if any and a range within which green shoe may be retained (if applicable)	5,000 (Five thousand) rated, listed, subordinated, unsecured, redeemable, taxable, transferable, non-convertible debentures, having a face value of INR 1,00,000 (Indian Rupees One Lakh) each and an aggregate face value of INR 50,00,00,000 (Indian Rupees Fifty Crore). It is clarified that INR 15,00,00,000 (Indian Rupees Fifteen Crore), (being 30% (thirty percent) of base issue size (i.e., INR 50,00,00,000 (Indian Rupees Fifty Crore))) is the anchor-portion of this Issue, and is available for subscription only to the "anchor" identified below. All eligible participant(s) may participate in the non-anchor portion of this Issue (i.e., INR 35,00,00,000 (Indian Rupees Thirty-Five Crore)).
Interest Rate Parameter	Fixed coupon (being 10.75% (ten decimal seven five percent) per annum).
Bid opening and closing date	Bid opening date: March 24, 2023 Bid closing date: March 24, 2023
Minimum Bid Lot	100 (one hundred) Debenture(s) (being INR 1,00,00,000 (Indian Rupees One Crore)), and in the multiples of 1 (one) Debenture (being INR 1,00,000 (Indian Rupees One Lakh)) thereafter
Type of bidding	Price based as specified on the bid platform
Manner of bidding in the Issue	Open bidding as specified on the bid platform
Manner of allotment in the Issue	Multiple Yield Allotment
Manner of settlement in the Issue	Pay-in of funds through ICCL. The pay-in of the Application Money for the Debentures shall be made by way of transfer of funds from the bank account(s) of the Eligible Investors (whose bids have been accepted) as registered with the Electronic Book Provider into the account of the ICCL, as specified in this regard below.
Settlement Cycle	T+1, where "T" refers to the date of bidding. Settlement of the Issue will be on March 27, 2023.
Bid Start Time and End Time	Bid Start Time: 03:00 p.m. on March 24, 2023 Bid End Time: 04:00 p.m. on March 24, 2023
Pay-in date	March 27, 2023 (i.e., T+1, where "T" refers to the date of bidding)

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Anchor Portion Details	(a)	Name of the Anchor Investor: A K Services Private Limited The anchor has also been identified/selected as eligible participant(s) by the Issuer and may participate in the non-anchor portion of this Issue. Please note that there will be no bidding for the anchor portion of this Issue.
	(b)	Total Amount Anchor Portion (not exceeding 30% of Base Issue size): INR 15,00,00,000 (Indian Rupees Fifteen Crore), being 30% (thirty percent) of base issue size (i.e., INR 50,00,00,000 (Indian Rupees Fifty Crore))
	(c)	Quantum for each Anchor Investor (Rs.): INR 15,00,00,000 (Indian Rupees Fifteen Crore), being 30% (thirty percent) of base issue size (i.e., INR 50,00,00,000 (Indian Rupees Fifty Crore))

Process flow of settlement:

The Eligible Investors whose bids have been accepted by the Issuer and to whom a signed copy of this Placement Memorandum along with the PPOA have been issued by the Issuer and who have submitted/shall submit the Application Form ("**Successful Bidders**"), shall make the payments in respect of the Application Money in respect of the Debentures towards the allocation made to them, into the bank account of the ICCL, the details of which are as set out in the section named "INSTRUCTIONS" of the Application Form, on or before 10:30 hours on the pay-in date.

The pay-in of the Application Money by the Successful Bidders will be made only from the bank account(s), which have been provided / updated by them in the EBP system. Any amount received from third party accounts or from accounts not specified in the EBP system will be refunded and no allotment will be made against such payments. Upon the transfer of funds into the aforesaid account of ICCL and the Issuer confirming its decision to proceed with the allotment of the Debentures in favour of the Successful Bidders to the ICCL, the R&T Agent and the EBP and initiating the requisite corporate action for allotment of Debentures and credit of the demat letter of allotment into the relevant demat account of the Successful Bidders through the R&T Agent, the R&T Agent shall provide corporate action file along with all requisite documents to the relevant Depositories by 12:00 hours and also intimate the EBP of the aforesaid actions. Upon the Depositories confirming the allotment of the Debentures and the credit of the Debentures into the demat account of the Successful Bidders to EBP, the subscription monies in respect of the Debentures from the aforesaid account of ICCL shall be released into the Issuer's bank account, the details of which are as set out below:

Name of the Bank	IDBI BANK
IFSC Code	IBKL0000009
Account Number	0009102000079709
Name of the beneficiary	MAS FINANCIAL SERVICES LIMITED - DEBENTURE APPLICATION MONEY ACCOUNT

It must be noted that all funds pay-in obligations need to be fulfilled in totality. Partial fund receipt against any given obligation will be treated as a default and debarment penalties will be applicable as specified by the EBP Requirements and other Applicable Law.

10.11 Eligible Investors should refer to the Operational Guidelines

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The details of the Issue shall be entered on the EBP Platform by the Issuer in accordance with the EBP Requirements and the operational guidelines of the relevant EBP. The Issue will be open for bidding for the duration of the bidding window that would be communicated through the Issuer's bidding announcement on the EBP Platform.

10.12 Application Procedure

The Issue will be open for subscription during the banking hours on each day during the period covered by the Issue Schedule, and the procedure will be subject to the EBP Requirements. Where an Eligible Investor (as defined below) is participating/bidding on the EBP Platform through an arranger or a custodian, such Eligible Investor must follow, and must ensure that the arranger or a custodian representing it, follows, the procedure and the bidding threshold requirements prescribed under the EBP Requirements.

Potential Investors may also be invited to subscribe by way of the Application Form prescribed in the Placement Memorandum during the period between the Issue Opening Date and the Issue Closing Date (both dates inclusive). The Issuer reserves the right to change the issue schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons.

10.13 Fictitious Applications

All fictitious applications will be rejected. Each Eligible Investor shall provide a confirmation to the EBP that it is not using any software, algorithm, "Bots" or other automation tools, which would give unfair access for placing bids on the EBP Platform.

Any person who (i) makes in a fictitious name, an application to the Issuer for acquiring, or subscribing for any NCDs therein, or (ii) otherwise induces the Issuer to allot or register any transferor of Debentures therein to him or any other person in a fictitious name, shall be punishable under the extant laws. Attention of Applicants is specially drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013.

10.14 Basis of Allotment

Notwithstanding anything stated elsewhere, the Issuer reserves the right to accept or reject any application, in part or in full, without assigning any reason. The allotment and settlement amount for the bidders shall be determined in accordance with the EBP Requirements and the operational guidelines issued by the relevant EBP. The bids for the purposes allotment and settlement shall be arranged on a "price time priority" basis in accordance with the EBP Requirements. If two or more bids made by Eligible Investors have the same coupon/ price/spread and time, then allotment shall be done on a "pro rata" basis. The investors will be required to remit the funds in the account of the ICCL as well as submit the duly completed Application Form along with other necessary documents to the Issuer by the Deemed Date of Allotment.

If so required by the Issuer, within 1 (one) Business Day of completion of the allotment, to enable the Issuer to comply with the requirements applicable to it under the EBP Requirements, successful Applicants shall provide the following details (in the form specified below) to the Issuer:

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

Details of Investors to whom allotment has been made			
Name	QIB/ Non-QIB	Category i.e. Scheduled Commercial Banks, MF, Insurance Company, Pension Fund, Provident Fund, FPI, PFI, Corporate, Others	Amount invested (in Rs. Crore)

10.15 Payment Instructions

The Application Form should be submitted directly. The entire amount of INR 1,00,000 (Indian Rupees One Lakh) per Debenture is payable along with the making of an application. Applicants can remit the application amount on the Pay-in Date in the account of ICCL mentioned under Section 10.10 above.

10.16 Eligible Investors

As prescribed in the EBP Requirements, "Qualified Institutional Buyers" or "QIBs" (as defined in the EBP Requirements) and non-QIBs authorized by an issuer to participate on an issuer on the EBP Platform are eligible participants (i.e., bidders) on an EBP Platform to participate in a particular issue on the EBP Platform. In furtherance of the above, to the extent permitted under and in accordance with the EBP Requirements, the following categories of Investors ("**Eligible Investors**"), when specifically approached, and identified upfront by the Issuer, shall be eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them and by completing the participation/nodding requirements prescribed for the EBP Platform and/or by submitting all the relevant documents along with the Application Form:

- (a) Qualified Institutional Buyers ("**QIBs**"), being the following entities:
 - (i) a mutual fund, venture capital fund, Alternative Investment Fund and Foreign Venture Capital Investor registered with SEBI;
 - (ii) a foreign portfolio investor other than individuals, corporate bodies and family offices;
 - (iii) a Public Financial Institution;
 - (iv) a Scheduled Commercial Bank;
 - (v) a multilateral and bi-lateral development financial institution;
 - (vi) a State Industrial Development Corporation;
 - (vii) an insurance company registered with Insurance Regulatory and Development Authority of India;
 - (viii) a Provident Fund with minimum corpus of Rs.25 Crore Rupees
 - (ix) a Pension Fund with minimum corpus of Rs.25 Crores
 - (x) National Investment Fund set up by resolution No: F.No.2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
 - (xi) an insurance fund set up and managed by Army, Navy / Air force of the Union of India;
 - (xii) insurance funds set up and managed by the Department of Posts, India; and
 - (xiii) systemically important Non- Banking Financial Companies.
- (b) Any non-QIB including, *inter alia*, resident individual investors, Hindu Undivided Families (excluding minors and non-resident Indians (NRIs)), Partnership Firms and Limited Liability partnership firms, Trusts (including public charitable trusts), association of persons, societies registered under the Applicable Law in India, companies, bodies corporate etc. who/which has been authorized by the Issuer, to participate in a particular issue on the EBP Platform.
- (c) Any other person eligible to invest in the Debentures subject the relevant prevalent guidelines and as permitted under Applicable Laws.

By participating/bidding in the EBP Platform, each Eligible Investor represents and confirms that it has completed all enrollment and "know-your-customer" verification and other requirements prescribed under the EBP Requirements in the manner prescribed in the EBP Requirements. Where an Eligible Investor (as defined below) is participating/bidding on the EBP Platform through an arranger or a custodian, such Eligible Investor must follow, and must ensure that the arranger or a custodian representing it, follows, the procedure and the bidding threshold requirements prescribed under the EBP Requirements.

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Investors, who are registered on the EBP Platform and are eligible to make bids for the Debentures of the Issuer and to whom allocation is to be made by Issuer pursuant to selection under the electronic book mechanism for issuance of securities on private placement basis in terms of the EBP Requirements and the Electronic Book Providers shall be considered as "identified persons" for the purposes of Section 42(2) of the Companies Act, 2013, to whom the Issuer shall make private placement of the Debentures and only such "identified persons" shall receive a direct communication from the Issuer with offer to subscribe to the Debentures and only such "identified persons" shall be entitled to subscribe to the Debentures.

Additionally, those arrangers/brokers/intermediaries etc. (as per the defined limits under the EBP Requirements) specifically mapped by the Issuer on the EBP Platform are also eligible to bid/apply/invest for this Issue.

All Eligible Investors are required to check and comply with Applicable Law(s) including the relevant rules / regulations / guidelines applicable to them for investing in this Issue of Debentures. The Issuer, is not in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, nor is the Issuer required to check or confirm the above.

Hosting of this Placement Memorandum on the website of the BSE/EBP should not be construed as an offer or an invitation to offer to subscribe to the Debentures and the Placement Memorandum has been hosted only as this is stipulated under the SEBI Debt Listing Regulations read with the EBP Requirements. Eligible Investors should check their eligibility before making any investment.

All Eligible Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

10.16A Post-Allocation Disclosures by the EBP

Upon final allocation by the Issuer, the Issuer shall disclose the relevant details (such as Issue Size, coupon rate, ISIN, number of successful bidders, category of the successful bidder(s), etc.), in accordance with the EBP Requirements and the operational guidelines of the relevant EBP. The EBP shall upload such data, as provided by the Issuer, on its website to make it available to the public.

10.17 Procedure for Applying for Dematerialised Facility

- (a) The applicant must have at least one beneficiary account with any of the DP's of NSDL/CDSL prior to making the application.
- (b) The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form".
- (c) Debentures allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.
- (d) For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.

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- (e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar and Transfer Agent to the Issue.
- (f) If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.
- (g) For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
- (h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

10.18 Depository Arrangements

The Issuer shall make necessary arrangement with CDSL and NSDL for issue and holding of Debenture in dematerialised form.

10.19 List of Beneficiaries

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment or repayment of redemption monies.

10.20 Application under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories of the Investor and the tax exemption certificate/document of the Investor, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

10.21 Procedure for application by Mutual Funds and Multiple Applications

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/venture capital fund registered with the SEBI and such applications will not be treated as multiple application, provided that the application made by the asset management company/trustee/custodian clearly indicated their intention as to the scheme for which the application has been made.

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The Application Forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of:

- (a) SEBI registration certificate
- (b) Resolution authorizing investment and containing operating instructions
- (c) Specimen signature of authorized signatories

10.22 Documents to be provided by Investors

Investors need to submit the following documents, as applicable:

- (a) Memorandum and Articles of Association or other constitutional documents
- (b) Resolution authorising investment
- (c) Certified true copy of the Power of Attorney to custodian
- (d) Specimen signatures of the authorised signatories
- (e) SEBI registration certificate (for Mutual Funds)
- (f) Copy of PAN card
- (g) Application Form (including EFT/RTGS details)

10.23 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through cheque/EFT/RTGS.

10.24 Succession

In the event of winding up of a Debenture Holder (being a company), the Issuer will recognise the legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such legal representative as having title to the Debenture(s), unless they obtain legal representation, from a court in India having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of such legal representation, in order to recognise any person as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on the production of sufficient documentary proof and an indemnity.

10.25 Mode of Payment

All payments must be made through cheque(s) demand draft(s), EFT/RTGS as set out in the Application Form.

10.26 Effect of Holidays

Please refer Section 8.1 (*Summary Terms*).

10.27 Tax Deduction at Source

- (a) All payments to be made by the Company to the Debenture Holders under the Transaction Documents shall be made free and clear of and without any Tax Deduction unless the Company is required to make a Tax Deduction pursuant to Applicable Law.
- (b) The Company shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Debenture Trustee accordingly.

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- (c) If the Company is required to make a Tax Deduction, it shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by Applicable Law.
- (d) Within the earlier of (A) 60 (sixty) days of making either a Tax Deduction or any payment required in connection with that Tax Deduction or (B) 60 (sixty) days of each Due Date, the Company shall deliver to the Debenture Trustee evidence reasonably satisfactory to the Debenture Trustee that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

10.28 Allotment

The Issuer shall ensure that the Debentures are allotted to the respective Debenture Holders and are credited into the demat accounts of the relevant Debenture Holders within the timelines prescribed under the SEBI Listing Timelines Requirements.

10.29 Deemed Date of Allotment

All the benefits under the Debentures will accrue to the Investors from the specified Deemed Date of Allotment. The Deemed Date of Allotment for the Issue is March 27, 2023 by which date the Investors would be intimated of allotment.

10.30 Record Date

The Record Date will be 15 (fifteen) calendar days prior to any Due Date.

10.31 Refunds

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (seven) days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the R&T Agent shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess, if any.

10.32 Interest on Application Money

Please refer Section 8.1 (*Summary Terms*).

10.33 PAN Number

Every applicant should mention its Permanent Account Number ("**PAN**") allotted under Income Tax Act, 1961, on the Application Form and attach a self-attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

10.34 Payment on Redemption

Payment on redemption will be made by way of cheque(s)/redemption warrant(s)/demand draft(s)/credit through RTGS system/funds transfer in the name of the Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the registered Debenture Holder(s) whose name appears in the Register of Debenture Holder(s) on the Record Date. On such payment being made, the Issuer will inform NSDL/CDSL and accordingly the account of the Debenture Holder(s) with NSDL/CDSL will be adjusted.

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On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

Disclaimer: Please note that only those persons to whom this Placement Memorandum has been specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those documents / authorizations / information, which are likely to be required by the Issuer. The Issuer may, but is not bound to, revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit. Provisions in respect of investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/ guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

SECTION 11: DECLARATION

- A. The Issuer has complied with the provisions of the Companies Act, 2013 and the rules made hereunder.
- B. The compliance with the Companies Act, 2013 and the rules made thereunder do not imply that payment of dividend or interest or repayment of the Debentures, if applicable, is guaranteed by the Central Government.
- C. The monies received under the offer shall be used only for the purposes and objects indicated in this Placement Memorandum.

I am authorized by the Board of Directors of the Issuer *vide* resolution number _____ dated May 4, 2022 read together with the resolution dated March 18, 2023 of the finance committee of the Issuer, to sign this Placement Memorandum and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with.

Whatever is stated in this Placement Memorandum and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Placement Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Placement Memorandum.

The Issuer declares that all the relevant provisions in the regulations/guideline issued by SEBI and other applicable laws have been complied with and no statement made in this Placement Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable laws, as the case may be. The information contained in this Placement Memorandum is as applicable to privately placed debt securities and subject to the information available with the Issuer. The extent of disclosures made in this Placement Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

For ~~PLS~~ **PLS Financial Services Limited**

Authorised Signatory

Name: Riddhi Bhayani
Title: Company Secretary & Compliance Officer
Place: Ahmedabad
Date: March 24, 2023

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE I: TERM SHEET

As provided in Section 8.1 (*Summary Terms*) above.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE II: RATING LETTER, RATING RATIONALE AND PRESS RELEASE FROM THE RATING AGENCY

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE III: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE IV: APPLICATION FORM

MAS FINANCIAL SERVICES LIMITED

A public limited company incorporated under the Companies Act, 1956

Date of Incorporation: May 25, 1995

Registered Office: 6 Narayan Chambers, Ground Floor, B/h Patang Hotel, Ashram Road,
Ahmedabad – 380009, Gujarat, India

Telephone No.: 079-41106500

Website: www.mas.co.in

DEBENTURE SERIES APPLICATION FORM SERIAL NO.

ISSUE OF 5,000 (FIVE THOUSAND) RATED, LISTED, SUBORDINATED, UNSECURED, REDEEMABLE, TAXABLE, TRANSFERABLE, NON-CONVERTIBLE DEBENTURES DENOMINATED IN INDIAN RUPEES ("INR"), HAVING A FACE VALUE OF INR 1,00,000 (INDIAN RUPEES ONE LAKH) EACH AND AN AGGREGATE FACE VALUE OF INR 50,00,00,000 (INDIAN RUPEES FIFTY CRORE) ("DEBENTURES" / "NCDs") ON A PRIVATE PLACEMENT BASIS ("ISSUE").

DEBENTURE SERIES APPLIED FOR:

Number of Debentures: _____ In words: _____ only

Amount INR _____ /- In words

Rupees: _____ only

DETAILS OF PAYMENT:

Cheque / Demand Draft / RTGS

No. _____ Drawn on _____

Funds transferred to the account specified in "Instructions" below on _____

Total Amount Enclosed

(In Figures) INR _____ /- (In words) _____ Only

APPLICANT'S NAME IN FULL (CAPITALS)

SPECIMEN SIGNATURE

APPLICANT'S ADDRESS

ADDRESS					
STREET					
CITY					
PIN		PHONE		FAX	

APPLICANT'S PAN/GIR NO. _____ IT CIRCLE/WARD/DISTRICT _____

I AM / WE ARE () COMPANY () OTHERS (Please specify) _____

We have read and understood the terms and conditions of the issue of Debentures including the risk factors described in the enclosed Placement Memorandum ("PM") and the private placement offer cum application

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

letter of the same date ("PPOA") issued by the Issuer (collectively, the "Debt Disclosure Documents") and have considered these in making our decision to apply. We bind ourselves to the terms and conditions of the Debt Disclosure Documents and wish to apply for allotment of the Debentures. We request you to please place our name(s) on the register of holders.

Name of the Authorised Signatory(ies)	Designation	Signature

Applicant's Signature

We the undersigned, are agreeable to holding the Debentures of the Company in dematerialised form. Details of my/our Beneficial Owner Account are given below:

DEPOSITORY	NSDL () CDSL ()
DEPOSITORY PARTICIPANT NAME	
DP-ID	
BENEFICIARY ACCOUNT NUMBER	
NAME OF THE APPLICANT(S)	

Applicant Bank Account: (Settlement by way of Cheque / Demand Draft / Pay Order / Direct Credit / ECS / NEFT/RTGS/other permitted mechanisms)	

FOR OFFICE USE ONLY	
DATE OF RECEIPT _____	DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Debt Disclosure Documents is provided by the Issuer. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

We understand that: (i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, (ii) we must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, (iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

Applicant's Signature

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

FOR OFFICE USE ONLY	
DATE OF RECEIPT _____	DATE OF CLEARANCE _____

(Note : Cheque and Drafts are subject to realisation)

------(TEAR HERE)-----

ACKNOWLEDGMENT SLIP

(To be filled in by Applicant) SERIAL NO.									

Received from _____

Address _____	
Cheque/Draft/UTR # _____ Drawn on _____ for	
INR _____ on account of application of Debenture	

Initial of the Officer of MAS Financial Services Limited designated to keep the record

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

INSTRUCTIONS

1. Application form must be completed in full, IN ENGLISH.
2. Signatures must be made in English or in any of the Indian languages. Thumb Impressions must be attested by an authorized official of the Bank or by a Magistrate/Notary Public under his/her official seal
3. Application form, duly completed in all respects, must be submitted with the respective Collecting Bankers. The payment is required to be made to the following account of ICCL by way of an electronic transfer, in accordance with the terms of the EBP Requirements:

Name of Bank	HDFC BANK
IFSC Code	HDFC0000060
Account Number	ICCLEB
Name of Beneficiary	INDIAN CLEARING CORPORATION LIMITED

Name of Bank	ICICI Bank Ltd.
IFSC Code	ICIC0000106
Account Number	ICCLEB
Name of beneficiary	INDIAN CLEARING CORPORATION LTD

Name of Bank	Yes Bank
IFCS Code	YESB0CMSNOC
Account no	ICCLEB
Name of Beneficiary	INDIAN CLEARING CORPORATION LTD

4. The Company undertakes that the application money deposited in the above-mentioned bank account shall not be utilized for any purpose other than
 - (a) for adjustment against allotment of securities; or
 - (b) for the repayment of monies where the company is unable to allot securities.
5. Receipt of applicants will be acknowledged by the Company in the "Acknowledgement Slip" appearing below the application form. No separate receipt will be issued.
6. All applicants should mention their Permanent Account No. or their GIR No. allotted under Income Tax Act, 1961 and the Income Tax Circle/Ward/District. In case where neither the PAN nor the GIR No. has been allotted, the fact of non-allotment should be mentioned in the application form in the space provided. Income Tax as applicable will be deducted at source at the time of payment of interest including interest payable on application money.
7. The application would be accepted as per the terms of the Debentures outlined in the transaction documents for the private placement.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE V: FINANCIAL STATEMENTS ALONG WITH AUDITOR'S REPORTS, SCHEDULES, FOOTNOTES, SUMMARY ETC.

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE VI: ILLUSTRATION OF BOND CASH FLOWS

Illustration of Bond Cash Flows	
Name of the Issuer	MAS Financial Services Limited
Face Value (per security)	INR 1,00,000 (Indian Rupees One Lakh)
Issue Date / Date of Allotment	Issue Opening Date: March 24, 2023 Deemed Date of Allotment: March 27, 2023
Date of Redemption	October 27, 2028
Tenure	67 (sixty seven) months from the Deemed Date of Allotment
Coupon Rate	10.75% (ten decimal seven five percent) per annum.
Frequency of the Coupon Payment with specified dates	Monthly. Please refer below.
Day count convention	Actual/Actual

1. INTEREST PAYMENT AND REDEMPTION SCHEDULE

Interest Payment Schedule

Cash Flows	Day and date for coupon/ redemption becoming due	Number of days	Amount (in Rupees) (per debenture)
1 st Coupon Payment	Sunday, April 30, 2023	34.00	998.63
2 nd Coupon Payment	Wednesday, May 31, 2023	31.00	910.52
3 rd Coupon Payment	Friday, June 30, 2023	30.00	881.15
4 th Coupon Payment	Monday, July 31, 2023	31.00	910.52
5 th Coupon Payment	Thursday, August 31, 2023	31.00	910.52
6 th Coupon Payment	Saturday, September 30, 2023	30.00	881.15
7 th Coupon Payment	Tuesday, October 31, 2023	31.00	910.52
8 th Coupon Payment	Thursday, November 30, 2023	30.00	881.15
9 th Coupon Payment	Sunday, December 31, 2023	31.00	910.52
10 th Coupon Payment	Wednesday, January 31, 2024	31.00	910.52
11 th Coupon Payment	Thursday, February 29, 2024	29.00	851.78
12 th Coupon Payment	Sunday, March 31, 2024	31.00	910.52
13 th Coupon Payment	Tuesday, April 30, 2024	30.00	883.56
14 th Coupon Payment	Friday, May 31, 2024	31.00	913.01
15 th Coupon Payment	Sunday, June 30, 2024	30.00	883.56
16 th Coupon Payment	Wednesday, July 31, 2024	31.00	913.01
17 th Coupon Payment	Saturday, August 31, 2024	31.00	913.01
18 th Coupon Payment	Monday, September 30, 2024	30.00	883.56
19 th Coupon Payment	Thursday, October 31, 2024	31.00	913.01
20 th Coupon Payment	Saturday, November 30, 2024	30.00	883.56
21 st Coupon Payment	Tuesday, December 31, 2024	31.00	913.01
22 nd Coupon Payment	Friday, January 31, 2025	31.00	913.01
23 rd Coupon Payment	Friday, February 28, 2025	28.00	824.66
24 th Coupon Payment	Monday, March 31, 2025	31.00	913.01
25 th Coupon Payment	Wednesday, April 30, 2025	30.00	883.56
26 th Coupon Payment	Saturday, May 31, 2025	31.00	913.01
27 th Coupon Payment	Monday, June 30, 2025	30.00	883.56
28 th Coupon Payment	Thursday, July 31, 2025	31.00	913.01
29 th Coupon Payment	Sunday, August 31, 2025	31.00	913.01
30 th Coupon Payment	Tuesday, September 30, 2025	30.00	883.56
31 st Coupon Payment	Friday, October 31, 2025	31.00	913.01
32 nd Coupon Payment	Sunday, November 30, 2025	30.00	883.56
33 rd Coupon Payment	Wednesday, December 31, 2025	31.00	913.01

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

34 th Coupon Payment	Saturday, January 31, 2026	31.00	913.01
35 th Coupon Payment	Saturday, February 28, 2026	28.00	824.66
36 th Coupon Payment	Tuesday, March 31, 2026	31.00	913.01
37 th Coupon Payment	Thursday, April 30, 2026	30.00	883.56
38 th Coupon Payment	Sunday, May 31, 2026	31.00	913.01
39 th Coupon Payment	Tuesday, June 30, 2026	30.00	883.56
40 th Coupon Payment	Friday, July 31, 2026	31.00	913.01
41 st Coupon Payment	Monday, August 31, 2026	31.00	913.01
42 nd Coupon Payment	Wednesday, September 30, 2026	30.00	883.56
43 rd Coupon Payment	Saturday, October 31, 2026	31.00	913.01
44 th Coupon Payment	Monday, November 30, 2026	30.00	883.56
45 th Coupon Payment	Thursday, December 31, 2026	31.00	913.01
46 th Coupon Payment	Sunday, January 31, 2027	31.00	913.01
47 th Coupon Payment	Sunday, February 28, 2027	28.00	824.66
48 th Coupon Payment	Wednesday, March 31, 2027	31.00	913.01
49 th Coupon Payment	Friday, April 30, 2027	30.00	881.15
50 th Coupon Payment	Monday, May 31, 2027	31.00	910.52
51 st Coupon Payment	Wednesday, June 30, 2027	30.00	881.15
52 nd Coupon Payment	Saturday, July 31, 2027	31.00	910.52
53 rd Coupon Payment	Tuesday, August 31, 2027	31.00	910.52
54 th Coupon Payment	Thursday, September 30, 2027	30.00	881.15
55 th Coupon Payment	Sunday, October 31, 2027	31.00	910.52
56 th Coupon Payment	Tuesday, November 30, 2027	30.00	881.15
57 th Coupon Payment	Friday, December 31, 2027	31.00	910.52
58 th Coupon Payment	Monday, January 31, 2028	31.00	910.52
59 th Coupon Payment	Tuesday, February 29, 2028	29.00	851.78
60 th Coupon Payment	Friday, March 31, 2028	31.00	910.52
61 st Coupon Payment	Sunday, April 30, 2028	30.00	883.56
62 nd Coupon Payment	Wednesday, May 31, 2028	31.00	913.01
63 rd Coupon Payment	Friday, June 30, 2028	30.00	883.56
64 th Coupon Payment	Monday, July 31, 2028	31.00	913.01
65 th Coupon Payment	Thursday, August 31, 2028	31.00	913.01
66 th Coupon Payment	Saturday, September 30, 2028	30.00	883.56
67 th Coupon Payment	Friday, October 27, 2028	27.00	795.21

*Subject to Business Day Convention

Redemption Schedule

Cash Flows	Day and date for coupon/ redemption becoming due	Number of days	Amount (in Rupees) (per debenture)
Principal Instalment	Friday October 27, 2028	2041	100,000

*Subject to Business Day Convention

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE VII: BOARD RESOLUTION AND COMMITTEE RESOLUTION

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE VIII: SHAREHOLDERS' RESOLUTION

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE IX: DUE DILIGENCE CERTIFICATES

1. **Due diligence certificate as per the format specified in Annexure A of the SEBI Due Diligence Circular:** Attached as separate annexure

2. **Due diligence certificate as per the format specified in Schedule IV of the Debt Listing Regulations:** Attached as separate annexure

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE X: DISCLOSURES PURSUANT TO THE SEBI DUE DILIGENCE CIRCULAR

- (a) **Details of assets, movable property and immovable property on which charge is proposed to be created**

Not applicable as the Debentures are unsecured and subordinated debt instruments.

- (b) **Title deeds (original/ certified true copy by issuers/ certified true copy by existing charge holders, as available) or title reports issued by a legal counsel/ advocates, copies of the relevant agreements/ Memorandum of Understanding**

Not applicable as the Debentures are unsecured and subordinated debt instruments.

- (c) **Copy of evidence of registration with Sub-registrar, Registrar of Companies, Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) etc**

Not applicable as the Debentures are unsecured and subordinated debt instruments.

- (d) **For unencumbered assets, an undertaking that the assets on which charge is proposed to be created are free from any encumbrances**

Not applicable as the Debentures are unsecured and subordinated debt instruments.

- (e) **For encumbered assets, on which charge is proposed to be created, the following consents along-with their validity as on date of their submission:**

- (i) **Details of existing charge over the assets along with details of charge holders, value/ amount, copy of evidence of registration with Sub-registrar, Registrar of Companies, CERSAI, Information Utility (IU) registered with Insolvency and Bankruptcy Board of India (IBBI) etc. as applicable:** Not applicable as the Debentures are unsecured and subordinated debt instruments.

- (ii) **Consent/ No-objection certificate (NOC) from existing charge holders for further creation of charge on the assets or relevant transaction documents wherein existing charge holders have given conditional consent/ permission to the Issuer to create further charge on the assets, along-with terms of such conditional consent/ permission, if any:** Not applicable as the Debentures are unsecured and subordinated debt instruments.

- (iii) **Consent/ NOC from existing unsecured lenders, in case, negative lien is created by Issuer in favour of unsecured lenders:** Not applicable as the Debentures are unsecured and subordinated debt instruments.

- (f) **In case of personal guarantee or any other document/ letter with similar intent is offered as security or a part of security:**

- (i) **Details of guarantor viz. relationship with the Issuer:** Not applicable as the Debentures are unsecured and subordinated debt instruments.

- (ii) **Net worth statement (not older than 6 months from the date of debenture trustee agreement) certified by a chartered accountant of the guarantor:** Not applicable as the Debentures are unsecured and subordinated debt instruments.

- (iii) **List of assets of the guarantor including undertakings/ consent/ NOC as per para 4.2 and 4.3 above:** Not applicable as the Debentures are unsecured and subordinated debt instruments.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

- (iv) **Conditions of invocation of guarantee including details of put options or any other terms and conditions which may impact the security created:** Not applicable as the Debentures are unsecured and subordinated debt instruments.
- (v) **Executed copies of previously entered agreements for providing guarantee to any other person, if any:** Not applicable as the Debentures are unsecured and subordinated debt instruments. t Applicable.
- (g) **In case of corporate guarantee or any other document/ letter with similar intent is offered as security or a part of security:**
 - (i) **Details of guarantor viz. holding/ subsidiary/ associate company etc:** Not applicable as the Debentures are unsecured and subordinated debt instruments.
 - (ii) **Audited financial statements (not older than 6 months from the date of debenture trustee agreement) of guarantor including details of all contingent liabilities:** Not applicable as the Debentures are unsecured and subordinated debt instruments.
 - (iii) **List of assets of the guarantor along-with undertakings/consent/NOC as per Paragraphs 4.2 and 4.3 of SEBI Due Diligence Circular:** Not applicable as the Debentures are unsecured and subordinated debt instruments.
 - (iv) **Conditions of invocation of guarantee including details of put options or any other terms and conditions which may impact the security created:** Not applicable as the Debentures are unsecured and subordinated debt instruments.
 - (v) **Impact on the security in case of restructuring activity of the guarantor:** Not applicable as the Debentures are unsecured and subordinated debt instruments.
 - (vi) **Undertaking by the guarantor that the guarantee shall be disclosed as "contingent liability" in the "notes to accounts" of financial statement of the guarantor:** Not applicable as the Debentures are unsecured and subordinated debt instruments.
 - (vii) **Copy of Board resolution of the guarantor for the guarantee provided in respect of the debt securities of the Issuer:** Not applicable as the Debentures are unsecured and subordinated debt instruments.
 - (viii) **Executed copies of previously entered agreements for providing guarantee to any other person, if any:** Not applicable as the Debentures are unsecured and subordinated debt instruments.
- (h) **In case securities (equity shares etc.) are being offered as security then a holding statement from the depository participant along-with an undertaking that these securities shall be pledged in favour of debenture trustee(s) in the depository system:** Not applicable as the Debentures are unsecured and subordinated debt instruments.
- (i) **Details of any other form of security being offered viz. Debt Service Reserve Account etc.:** Not applicable as the Debentures are unsecured and subordinated debt instruments.
- (j) **Any other information, documents or records required by debenture trustee with regard to creation of security and perfection of security:** Not applicable as the Debentures are unsecured and subordinated debt instruments.
- (k) **Declaration:** Not applicable as the Debentures are unsecured and subordinated debt instruments.

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- (l) **Terms and conditions of debenture trustee agreement including fees charged by debenture trustees(s):** Please refer the consent letter of the Debenture Trustee for terms and conditions of the appointment of the Debenture Trustee and fee of the Debenture Trustee.
- (m) **Details of security to be created:** Not applicable as the Debentures are unsecured and subordinated debt instruments.
- (n) **Process of due diligence carried out by the debenture trustee:** The Debenture Trustee has carried out due diligence in accordance with the manner prescribed in the SEBI Due Diligence Circulars.
- (o) **Due diligence certificates as per the format specified in Annexure A and in Schedule IV of the Debt Listing Regulations:** Please refer Annexure IX.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE XI: IN-PRINCIPLE APPROVAL FROM BSE

Attached separately.

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE XII: SHAREHOLDING PATTERN

Sr. No.	Category	No. of Shares	% of holding as on December 31, 2022
1.	Promoters & Promoter group	40300654	73.73
2.	FII & FPIs	836570	1.53
3.	Mutual Funds	5364195	9.81
4.	Corporates	375812	0.69
5.	Resident & Non -Resident Individuals	2915073	5.3329
6.	Others	4869739	8.90
	Total:	5,46,62,043	100.00

The Issuer is a listed company, and the detailed shareholding pattern (filed with the BSE as of December 31, 2022) is available at <https://www.bseindia.com/stock-share-price/mas-financial-services-ltd/masfin/540749/shareholding-pattern/>

(This Placement Memorandum is neither a prospectus nor a statement in lieu of a prospectus)

ANNEXURE XIII: FINALISED FORM OF THE PPOA (ALONG WITH ALL DISCLOSURES)

Attached separately.

No. CARE/HO/RL/2022-23/4161

Shri Ankit Jain
Chief Financial Officer
Mas Financial Services Limited
6, Ground Floor, Narayan Chambers,
Behind Patang Hotel,
Ahmedabad
Gujarat 380009



February 28, 2023

Confidential

Dear Sir,

Credit rating for Proposed Subordinated Debt

Please refer to your request for rating of Proposed Subordinated Debt aggregating Rs.200 crore of your Company.

The following ratings have been assigned by our Rating Committee:

Sr. No.	Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
1.	Subordinated	200.00	CARE A+; Stable (Single A Plus; Outlook: Stable)	Assigned
	Total Instruments	200.00 (Rs. Two Hundred Crore Only)		

- Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you (that is February 28, 2023).
- In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.
- Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

- Kindly arrange to submit to us a copy of each of the documents pertaining to the said issue, including the offer document and the trust deed.

¹Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

CARE Ratings Limited

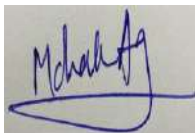
4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai
Phone: +91-22-6754 3456 • www.careedge.in

CIN-L67190MH1993PLC071691

6. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which will be shared with you separately.
7. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
8. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
9. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
10. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.
11. Our ratings are **not** recommendations to buy, sell or hold any securities.
12. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE Ratings Ltd.

Thanking you,

Yours faithfully,



Mohak Agarwal
Lead Analyst
mohak.agarwal@careedge.in



Aditya R Acharekar
Associate Director
aditya.acharekar@careedge.in



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CIN-L67190MH1993PLC071691

Encl.: As above

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.



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CIN-L67190MH1993PLC071691

No. CARE/HO/RL/2022-23/4157

Shri Ankit Jain

Chief Financial Officer

Mas Financial Services Limited

6, Ground Floor, Narayan Chambers,

Behind Patang Hotel,

Ahmedabad

Gujarat 380009



February 28, 2023

Confidential

Dear Sir,

Credit rating for Market Linked Debenture, Non-Convertible Debenture and Subordinate debt issue

On the basis of recent developments including operational and financial performance of your Company for FY22 (Audited) and 9MFY23 (UnAudited), and the possible impact of the same on the credit profile of your company our Rating Committee has reviewed the following ratings:

Sr. No.	Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
1.	Market Linked Debentures	75.00	CARE PP-MLD A+; Stable (Principal Protected-Market Linked Debentures Single A Plus; Outlook: Stable)	Reaffirmed
2.	Market Linked Debentures	200.00	CARE PP-MLD A+; Stable (Principal Protected-Market Linked Debentures Single A Plus; Outlook: Stable)	Reaffirmed
3.	Market Linked Debentures	200.00	CARE PP-MLD A+; Stable (Principal Protected-Market Linked Debentures Single A Plus; Outlook: Stable)	Reaffirmed
4.	Market Linked Debentures	300.00	CARE PP-MLD A+; Stable (Principal Protected-Market Linked Debentures Single A Plus; Outlook: Stable)	Reaffirmed
5.	Non Convertible Debentures	500.00	CARE A+; Stable (Single A Plus; Outlook: Stable)	Reaffirmed
6.	Subordinated	100.00	CARE A+; Stable	Reaffirmed

¹Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

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Sr. No.	Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
			(Single A Plus; Outlook: Stable)	
7.	Subordinated	100.00	CARE A+; Stable (Single A Plus; Outlook: Stable)	Reaffirmed
	Total Instruments	1,475.00 (Rs. One Thousand Four Hundred Seventy-Five Crore Only)		

2. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

3. The rationale for the rating will be communicated to you separately.
4. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the aforementioned rating actions in any manner considered appropriate by it, without reference to you.
6. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
7. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.



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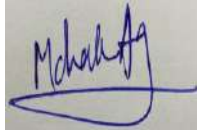
CIN-L67190MH1993PLC071691

8. CARE Ratings Ltd. ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



Mohak Agarwal
Lead Analyst
mohak.agarwal@careedge.in



Aditya R Acharekar
Associate Director
aditya.acharekar@careedge.in

Encl.: As above

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.



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CIN-L67190MH1993PLC071691

Mas Financial Services Limited

March 02, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Subordinated	200.00	CARE A+; Stable	Assigned
Long-term bank facilities	6,000.00	CARE A+; Stable	Reaffirmed
Market linked debentures	75.00	CARE PP-MLD A+; Stable	Reaffirmed
Market linked debentures	200.00	CARE PP-MLD A+; Stable	Reaffirmed
Market linked debentures	200.00	CARE PP-MLD A+; Stable	Reaffirmed
Market linked debentures	300.00	CARE PP-MLD A+; Stable	Reaffirmed
Non-convertible debentures	250.00 (Reduced from 500.00)*	CARE A+; Stable	Reaffirmed
Subordinated	100.00	CARE A+; Stable	Reaffirmed
Subordinated	100.00	CARE A+; Stable	Reaffirmed
Commercial paper	250.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

*Fully Redeemed and withdrawn on account of Redemption

Rationale and key rating drivers

The ratings assigned to the debt instruments and bank facilities of MAS Financial Services Limited (MFSL) derive strength from the long-standing track record and experience of the promoters of MFSL in the lending business, experienced senior management team, which has been with the company for a long time, diversification in the loan book through channel financing through tie-up with non-banking finance companies (NBFCs) and microfinance institutions (MFIs) apart from direct lending to micro enterprise loans and SME lending book, established appraisal systems, which have helped the company maintain asset quality even through the stress witnessed during the COVID-19 pandemic, comfortable capitalisation levels, diversified resource profile with multiple banks and financial institutions and direct assignment (DA) route which constituted around 20% to 22% of asset under management (AUM) and comfortable liquidity profile.

The company has seen increase in disbursements from the second quarter of FY22 after a de-growth in AUM during FY21 (refers to the period from April 01 to March 31) during the COVID-19 pandemic period, where the company also had lower proportion of DA as well. The company's AUM stood at ₹8,006 crore (consolidated) as on December 31, 2022, as compared with ₹5,657 crore as on March 31, 2021 (March 31, 2022: ₹6,567 crore).

The ratings continue to remain constrained on account of its concentrated borrower profile and exposure to micro enterprises and small and medium enterprises (SME) sectors which are high yield generating and low-price sensitive segments and at the same time are relatively riskier in nature and moderate geographical diversification and relatively smaller size of operations as compared to some of the larger and higher rated peers. Furthermore, the company has seen some impact on its asset quality during the COVID-19 pandemic resulting in rise in gross non-performing assets (GNPA) which stood at 2.19% as on December 31, 2022.

Moreover, CARE Ratings Limited (CARE Ratings) continues to assess the impact of the on-going COVID-19 pandemic on the company and the sector's performance at large.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in asset quality with decline in gross non-performing assets (NPA) levels below 1.5% on a sustainable basis.
- Significant increase in the scale of operations with corresponding increase in profitability in terms of net interest margin (NIM) and return on total asset (ROTA).

Negative factors

- Deterioration in the asset quality with increase in net NPA / tangible net worth (TNW) levels above 10% on a sustainable basis.
- Decline in the capital adequacy ratio (CAR) below 20% on a sustainable basis.
- Significant decline in profitability in terms of NIM and ROTA.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Analytical approach

Consolidated; MFSL and 59.67% stake of its HFC subsidiary, viz., MAS Rural Housing and Mortgage Finance Limited (MRHMFL).

Key strengths

Long-standing track record, experience of the promoters in the lending business and experienced senior management team with established credit appraisal systems

The promoters of MFSL have established track record of over two decades in the lending business. MFSL initially started its lending activities in the state of Gujarat and has gradually ventured and established its footprint in six other states and has expanded its operations across 149 branches at a standalone level and 70 branches of its housing finance company (HFC) subsidiary as on December 31, 2022, and is present in around 7,900 locations, including through its wholesale portfolio, and is catering to the funding requirement of around seven lakh live customers.

Furthermore, the senior management team of MFSL consists of experienced professionals who have been in the lending business and have been associated with MFSL since its inception. These personnel continue to head the main functions at MFSL. The company has established its credit appraisal processes and systems over the years, which have helped it maintain asset quality through the impact of demonetisation, implementation of Real Estate (Regulation and Development) Act, 2016 (RERA) and Goods and Service Tax (GST), liquidity crunch faced by the NBFCs during FY19 and the COVID-19 pandemic.

As per the management of the company, the credit appraisal processes of MFSL are reviewed and revised at regular intervals based on its experience in the market. The credit appraisal process at MFSL is centralised. Sanctions are accorded by the centralised credit team, whereas sourcing and collection functions are carried out at branch level. Multiple checks are carried out at centralised unit prior to disbursement.

Comfortable capital adequacy ratio and strong and diversified resource base with multiple banks and financial institutions

The company has been maintaining comfortable capital adequacy over the years. In October 2017, MFSL came out with an initial public offer (IPO) and raised equity capital of ₹233 crore. MFSL had also raised ₹100 crore in March 2017 and ₹35 crore in April 2017 in the pre IPO round of funding. The promoter shareholding stood at 73.73% as on December 31, 2022.

Over the last five years, the company has been maintaining its capitalisation levels through accretion of profit and its TNW stood at ₹1,463 crore (consolidated) as on December 31, 2022 (March 31, 2021- ₹1,178 crore).

The company reported capital adequacy ratio (CAR) of 26.35% with Tier-I CAR of 23.08% as on March 31, 2022, as compared with CAR of 26.85% (March 31, 2020-31.97%) with Tier-I CAR of 24.81% (March 31, 2020- 29.88%) as on March 31, 2021. The company has been maintaining its capitalisation levels through internal accruals and assignment of loan portfolio over the last few years (off-book constituting around 20% to 40% of AUM), which has helped the company raise resources. CARE Ratings expects the overall capitalisation level to remain adequate in medium term as majority of the company's loan portfolio qualifies for priority sector lending (PSL), and the company is expected to continue using assignment of loans as source of funding.

The company's overall gearing increased over the last two years and stood at 3.43x as on March 31, 2022, as compared with 2.98x as on March 31, 2021, and 2.82x as on March 31, 2020, as the company witnessed increase in debt and lower amount of DA during the period. The company expects to maintain gearing levels below 4.5x on a steady state basis.

Also, MFSL has relations with around 30 banks, NBFCs and other financial institutions for meeting its borrowing requirements including direct assignment lines and co-lending agreements based on which MFSL is able to raise resources in a timely manner and at competitive rate of interest, thereby providing significant financial flexibility to MFSL. Most of the banks and financial institutions are also the ones to whom MFSL sells its loan portfolio under the direct assignment route. The existing capitalisation level and strong resource base is envisaged to provide impetus to MFSL for growth in its loan portfolio over the medium term.

Diversified loan portfolio

The loan portfolio of MFSL (consolidated) consists of micro enterprises loans, SME loans, two-wheeler loans, commercial vehicle (CV) loans and housing finance loans. MFSL was initially engaged in lending of two-wheeler and micro enterprises loans and later on forayed into CV loan, SME loans and housing loan segments. The company has a subsidiary 'MAS Rural Housing and Mortgage Finance Limited (MRHMFL; rated 'CARE A; Stable') in which MFSL holds 59.67% shareholding, while the remaining shareholding is held by the promoters of MFSL. The housing loan portfolio is housed in MRHMFL and constituted 5.01% of AUM as on December 31, 2022.

Even in the aforesaid loan categories, significant amount of the loan portfolio is built up through NBFCs and non-banking finance companies – micro finance institutions (NBFC-MFIs). Around 40% of the AUM was through NBFC-MFI route, while 60% was through direct lending as on December 31, 2022, as compared to around 56% of AUM was through NBFC-MFI route, while 44% was through direct lending as on March 31, 2021. Going forward, the company plans to increase the proportion of its direct lending portfolio to around 70% of AUM over the next few years.

The company also assigns its loan portfolio to other lenders and as on December 31, 2022, around 17% of consolidated loan portfolio of MFSL has been directly assigned to banks and financial institutions as compared with 24% as on March 31, 2021. Due to product diversification, MFSL has been able to grow its consolidated total loan portfolio at a compound annual growth rate (CAGR) of around 23% during the three years ended FY20 (refers to the period April 1 to March 31), before registering a y-o-y dip of 9.52% during FY21 due to impact of COVID-19-related disruptions.

During 9MFY23, the company has started new product of personal loans to salaried customers and disbursed around ₹200 crore during the period. The company also went slow in disbursements in the CV loans segment. As on December 31, 2022, the AUM stood at ₹8,006 crore (March 31, 2021: ₹6,253 crore) out of which micro enterprise loans constituted 47%, SME Loans constituted 35%, two-wheeler loans constituted 6%, CV loans constituted 4%, Salaried Personal loans constituted 3% and housing finance loans constituted around 5% of AUM.

Moderation in asset quality parameters due to COVID-19

Over the years, the company has maintained comfortable asset quality parameters. In line with the RBI regulations, the NPA recognition policy was changed by the company in FY18. Till FY17, the NPA recognition policy was 120+DPD (days past due). However, from FY18 onwards, the same has been revised to 90+DPD. The slippages are mainly driven by direct exposure while the asset quality remains comfortable due to very less delinquencies in the loans to NBFCs and NBFC-MFIs, majority of which have comfortable financial risk profile. Also, these loans are backed by security deposits in the form of cash collateral and corporate / personal guarantees taken by MFSL from the NBFCs and NBFC-MFIs. Collection efficiency has improved in FY22 and remained above 99% in last 4 quarters.

The company witnessed increase in the GNPA and NNPA (consolidated basis) (on book basis) from 1.52% and 0.93%, respectively, as on March 31, 2021, to 2.00% and 1.15% as on March 31, 2022. GNPA and NNPA stood at 2.12% and 1.39% as on December 31, 2022. Provision coverage for NPA of MFSL (standalone basis) increased from 38.61% for FY21 (April 2020 to March 2021) to 42.61% for FY22 (April 2021 to March 2022). Additional management overlay provision for economic activity on account of COVID-19 stood at ₹40.84 crore as on March 31, 2022, as against ₹59.54 crore as on March 31, 2021. The company's restructured loan (on standalone basis) stood at ₹16.45 crore of loans constituting 0.21% of AUM as on December 31, 2022.

Stable financial risk profile marked by high NIM and ROTA

During FY21, the company has changed its accounting policy related to amortising the gain on assignment of financial assets over the residual tenure instead of booking upfront gain. As per the requirement of Ind AS 1, the new accounting policy has been implemented retrospectively from April 01, 2019, which was the earliest period presented.

During FY22, the company witnessed growth in disbursements (largely from Q2FY22 onwards) as consolidated disbursement was ₹6,185 crore as compared with FY21 where MFSL saw decline in disbursements at ₹3,485 crore (FY20: ₹5,264 crore) as the company did not disburse for a larger part of the year on account of COVID-19. Disbursement for 9MFY23 were ₹6,770 crore. The total income increased to ₹691 crore (consolidated) in FY22 (₹709 crore (consolidated) in 9MFY23) from ₹628 crore (consolidated) for FY21. PPOP decreased to ₹252 crore for FY22 (₹236 crore (consolidated) in 9MFY23) as compared with ₹277 crore for FY21 due to increase in the borrowing cost due to higher borrowings and operating expenses as the company opened new branches. MFSL reported profit after tax (PAT) of ₹161 crore for FY22 as compared with PAT of ₹146 crore for FY21 showing growth of 10.27%. For 9MFY23, the company reported PAT of ₹149.77 crore on a total income of ₹709.04 crore.

The NIM for FY22 stood at 4.79% as compared to 4.81% for FY21. After adjusting the off-book portfolio, the NIM declined to 4.60% for FY22. The ROTA for FY22 stood at 2.75% (9MFY23 stood at 2.81%) as compared to 2.88% for FY21. The ROTA for FY22 after adjusting the off-book portfolio stood at 2.26%.

Key weaknesses

Concentrated borrower profile

MFSL has a significant proportion of AUM (around 47% as on March 31, 2022) through its relationship with NBFCs and MFIs. As a result, MFSL has high borrower concentration. As on December 31, 2022, top 10 exposures of MFSL accounted to more than 60% of its consolidated TNW (March 31, 2021: around 65%). Though the present credit profile of the top exposures is moderate, any deterioration in the credit quality of these exposures may lead to sharp increase in the NPA levels of MFSL. Although the company expects the proportion of indirect lending to reduce in the medium term, credit quality of its large exposures would remain a key credit monitorable.

Exposure to relatively riskier micro enterprises and SME sectors

The portfolio of MFSL comprises retail products like micro enterprises loans, SME loans, two-wheeler loans and CV loans, which are high yield generating and low-price sensitive segments and at the same time are relatively riskier in nature. As on March 31, 2022, around 53% (March 31, 2021: 44%) of the AUM was through direct sourcing while the remaining was through NBFCs and NBFC-MFIs (March 31, 2021: 56%). However, the exposure through NBFCs/MFIs is partly mitigated by 5%-15% cash collateral and corporate / personal guarantees taken by MFSL from the NBFCs and NBFC-MFIs.

Moderate geographical diversification

The lending activities of MFSL are directly carried out in seven states and NCR of Delhi. MFSL initially started its lending activities in the state of Gujarat and has gradually ventured and established its footprint in six other states of Rajasthan, Maharashtra, Madhya Pradesh, Karnataka, Tamil Nadu, Chhattisgarh and Delhi. However, as significant amount of MFSL's lending activities are carried out through NBFCs and NBFC-MFIs, it has resulted in highly diversified exposure of MFSL. Gujarat accounts for around 40% of the consolidated total loan portfolio of MFSL as on December 31, 2022, as compared with 34% as on March 31, 2021, driven by operational familiarity of the promoters with the Gujarat market, whereas other states and union territories account for balance 60% as on December 31, 2022.

Liquidity: Strong

The liquidity profile of MFSL has remained comfortable on the back of strong and diversified resource base and good amount of unutilised bank limits. Its asset liability maturity (ALM) had no cumulative mismatches on a standalone basis as on December 31, 2022, supported by lower maturity of assets at 18-20 months as compared with 36-50 months tenor of its term loans and NCD. MFSL, on a standalone basis, has sanction on hand of ₹1,722 crore. Furthermore, MFSL has free cash and bank balance of around ₹954.87 crore as on December 31, 2022, on a standalone basis, which can take care of upcoming 6 months' standalone debt servicing obligations (principal + interest). Earlier, amidst the challenging fund-raising environment, especially for NBFCs and HFCs, it had framed a policy of keeping cash in hand equivalent to next three months of debt servicing obligations. However, owing to the crisis due to lockdown pursuant to COVID-19 pandemic, it has increased its liquidity cushion. Furthermore, due to the unutilised fund-based working capital limits and direct assignment limits, the ALM profile of MFSL is expected to remain comfortable. CARE Ratings also takes cognisance of the fact that MFSL has not availed the moratorium from the lenders as a COVID-19 relief measure [as permitted by the Reserve Bank of India (RBI)].

Applicable criteria

[Policy on default recognition](#)

[Consolidation](#)

[Financial Ratios - Financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Housing Finance Companies](#)

[Market Linked Notes](#)

[Non Banking Financial Companies](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Finance	Non Banking Financial Company (NBFC)

MFSL was incorporated in the year 1995 by Kamlesh Gandhi and Mukesh Gandhi. The company was registered as an NBFC in 1998 with RBI. It was initially engaged in the lending of two-wheeler and micro enterprises loans and later on forayed in commercial vehicle loan and SME loan segments. In the year 2008, MFSL floated a subsidiary, MRHMFL; rated 'CARE A; Stable', a non-deposit taking, National Housing Bank (NHB) registered HFC, which provides housing loans to the low-income group segment in rural and semi-urban areas. The lending activities of MFSL are carried out by it directly through its own network of 149 branches on a standalone level and 70 branches of its HFC subsidiary in seven states and NCR of Delhi as on December 31, 2022 (viz., Gujarat, Rajasthan, Maharashtra, Madhya Pradesh, Karnataka, Tamil Nadu, Chhattisgarh and Delhi) and also through other smaller NBFCs and MFIs. As on December 31, 2022, MFSL had relationship with 143 NBFC and NBFC-MFIs and around 39.03% of the total assets under management (AUM) of MFSL was built through these NBFCs and NBFC-MFIs. As on December 31, 2022, MFSL, on a consolidated basis, reported total AUM of around ₹8.006 crore as against total AUM of around ₹6,567 crore as on March 31, 2022, and catered to more than seven lakh live customers across around 7,900 locations. In October 2017, MFSL came out with an IPO and raised fresh equity capital of ₹233 crore. MFSL had also raised ₹135 crore in a pre-IPO round of funding through issue of shares to the Motilal Oswal Group. The shares of MFSL are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	9MFY23 (UA)
Total income	627.71	691.11	709.04
PAT	145.52	161.14	149.77
Total Assets	5,429.63	6,321.71	7,936.42
Net NPA (%) - Standalone	0.99	1.20	1.44
ROTA (%)	2.85	2.75	2.81

A: Audited; UA: Unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument / Bank Facilities	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating assigned along with Rating Outlook
Debentures-Subordinated Bonds (Proposed)	-	-	-	-	200	CARE A+; Stable
Fund-based - LT-Term Loan	-	-	-	June 30, 2027	4,000	CARE A+; Stable
Fund-based - LT-Cash Credit	-	-	-	-	2,000	CARE A+; Stable
Debentures-Market Linked Debentures	INE348L07076	March 30, 2021	8.80%	March 30, 2023	65	CARE PP-MLD A+; Stable
Debentures-Market Linked Debentures	INE348L07084	June 23, 2021	8.50%	December 23, 2023	100	CARE PP-MLD A+; Stable
Debentures-Market Linked Debentures	INE348L07092	September 17, 2021	8.50%	September 18, 2023	100	CARE PP-MLD A+; Stable
Debentures-Market Linked Debentures	INE348L07100	November 25, 2021	8.50%	January 24, 2024	100	CARE PP-MLD A+; Stable
Debentures-Market Linked Debentures	INE348L07118	June 6, 2022	8.60%	December 6, 2023	100	CARE PP-MLD A+; Stable
Debentures-Market Linked Debentures	INE348L07134	July 29, 2022	8.60%	January 29, 2024	100	CARE PP-MLD A+; Stable
Debentures-Market Linked Debentures(Proposed)	-	-	-	-	210	CARE PP-MLD A+; Stable
Debentures-Non Convertible Debentures	INE348L07126	June 22, 2022	8.93%	June 21, 2024	50	CARE A+; Stable
Debentures-Non Convertible Debentures (Tranche-1)*	INE348L07043	July 24, 2020	9.00%	January 24, 2022	-	Withdrawn
Debentures-Non Convertible Debentures (Tranche-2)*	INE348L07050	July 30, 2020	9.00%	January 24, 2022	-	Withdrawn
Debentures-Non Convertible Debentures (Tranche-3)*	INE348L07068	August 19, 2020	9.00%	February 19, 2022	-	Withdrawn
Debentures-Non Convertible Debentures (Proposed)	-	-	-	-	200	CARE A+; Stable
Debentures-Subordinated Bonds	INE348L08041	October 20, 2021	10.75%	May 20, 2027	50	CARE A+; Stable
Debentures-Subordinated Bonds	INE348L08058	December 29, 2021	10.75%	December 29, 2027	50	CARE A+; Stable
Debentures-Subordinated Bonds (Proposed)	-	-	-	-	100	CARE A+; Stable
Commercial Paper	-	-	-	7-364 days	250	CARE A1+

*Fully Redeemed and withdrawn on account of Redemption

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	4000.00	CARE A+; Stable	1)CARE A+; Stable (16-Sep-22) 2)CARE A+; Stable (02-May-22)	1)CARE A+; Stable (14-Sep-21)	1)CARE A+; Stable (15-Sep-20)	1)CARE A+; Stable (06-Aug-19)
2	Fund-based - LT-Cash Credit	LT	2000.00	CARE A+; Stable	1)CARE A+; Stable (16-Sep-22) 2)CARE A+; Stable (02-May-22)	1)CARE A+; Stable (14-Sep-21)	1)CARE A+; Stable (15-Sep-20)	1)CARE A+; Stable (06-Aug-19)
3	Fund-based - ST-Working Capital Limits	ST	-	-	-	-	1)Withdrawn (15-Sep-20)	1)CARE A1+ (06-Aug-19)
4	Commercial Paper-Commercial Paper (Standalone)	ST	250.00	CARE A1+	1)CARE A1+ (16-Sep-22) 2)CARE A1+ (02-May-22)	1)CARE A1+ (14-Sep-21)	1)CARE A1+ (15-Sep-20)	1)CARE A1+ (06-Aug-19)
5	Debentures-Non Convertible Debentures	LT	250.00	CARE A+; Stable	1)CARE A+; Stable (16-Sep-22) 2)CARE A+; Stable (02-May-22)	1)CARE A+; Stable (14-Sep-21)	1)CARE A+; Stable (15-Sep-20) 2)CARE A+; Stable (25-May-20)	-
6	Debentures-Market Linked Debentures	LT	75.00	CARE PP-MLD A+; Stable	1)CARE PP-MLD A+; Stable (16-Sep-22) 2)CARE PP-MLD A+; Stable (02-May-22)	1)CARE PP-MLD A+; Stable (14-Sep-21)	1)CARE PP-MLD A+; Stable (31-Mar-21)	-
7	Debentures-Market Linked Debentures	LT	200.00	CARE PP-MLD A+; Stable	1)CARE PP-MLD A+; Stable (16-Sep-22) 2)CARE PP-MLD A+; Stable (02-May-22)	1)CARE PP-MLD A+; Stable (14-Sep-21) 2)CARE PP-MLD A+; Stable (17-Jun-21)	-	-

8	Bonds-Subordinated	LT	100.00	CARE A+; Stable	1)CARE A+; Stable (16-Sep-22) 2)CARE A+; Stable (02-May-22)	1)CARE A+; Stable (27-Sep-21)	-	-
9	Debentures-Market Linked Debentures	LT	200.00	CARE PP-MLD A+; Stable	1)CARE PP-MLD A+; Stable (16-Sep-22) 2)CARE PP-MLD A+; Stable (02-May-22)	1)CARE PP-MLD A+; Stable (21-Oct-21)	-	-
10	Bonds-Subordinated	LT	100.00	CARE A+; Stable	1)CARE A+; Stable (16-Sep-22) 2)CARE A+; Stable (02-May-22)	-	-	-
11	Debentures-Market Linked Debentures	LT	300.00	CARE PP-MLD A+; Stable	1)CARE PP-MLD A+; Stable (16-Sep-22) 2)CARE PP-MLD A+; Stable (02-May-22)	-	-	-
12	Bonds-Subordinated	LT	200.00	CARE A+; Stable	-	-	-	-

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of various instruments rated

Sr. No.	Name of Instrument	Complexity Level
1	Bonds-Subordinated	Simple
2	Commercial Paper-Commercial Paper (Standalone)	Simple
3	Debentures-Market Linked Debentures	Highly Complex
4	Debentures-Non Convertible Debentures	Simple
5	Fund-based - LT-Cash Credit	Simple
6	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**

CL/DEB/22-23/1745

Date : -18-MARCH-2023

To,
RIDDHI BHAYANI,
MAS Financial Services Limited,
6 Narayan Chambers,
, Ground Floor, B/h Patang Hotel Ashram Road,
Ahmedabad,
Gujarat,
India 380009.

Dear Sir/ Madam,

Re: Consent to act as a Debenture Trustee for Private Placement of Fully Paid, Rated, Listed, Redeemable, Transferable, UnSecured, Sub-debt Non-Convertible Debentures aggregating upto 50 Crores.

We refer to your letter dated 18.03.2023 , requesting us to convey our consent to act as the Debenture Trustee for captioned issue of Debentures.

I/e hereby convey our acceptance to act as Debenture Trustees for the said issue Debentures, subject to execution of Debenture Trustee Agreement as per Regulation 13 of SEBI (Debenture Trustee) Regulations, 1993, thereby agreeing to execute Debenture Trust Deed and to create the security if applicable within the timeline as per relevant Laws / Regulations and in the Offer document / Information Memorandum / Disclosure Document / Placement Memorandum and company agreeing / undertaking to comply with the provisions of SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulations 2021, SEBI Listing Obligations & Disclosure Requirements) Regulation 2015, Companies Act, 2013 and Rules thereunder and other applicable laws as amended from time to time.

Fee Structure for the proposed transaction will be as per annexure A.

Assuring you of the best professional services.

Thanking you.

Yours faithfully,



Name : Nidhi Vasa

Designation : Manager



Annexure A

Fee Structure for transaction CL/DEB/22-23/1608

PERTICULARS	AMOUNT
Acceptance fees (one-time, non-refundable, payable on our appointment)	₹ 60000.00000
Annual Trusteeship Fees	₹ 60000.00000

Annual Trusteeship Fees are payable in advance each year from date of execution till termination of the transaction. Pro-rata charges would apply for the first year till FY end, as applicable.

The taxes on above fee structure are payable at applicable rates from time to time.

All out of pocket expenses incurred towards legal fees, travelling, inspection charges, etc shall be levied and re-imbursed on actual basis.

Please return the second copy this letter duly signed by Authorized Officer from your company.

Yours Faithfully,

We accept the above terms.

For Catalyst Trusteeship Limited

For MAS Financial Services Limited




Name : Nidhi Vasa

Name :

Designation : Manager

Designation :





The Power of Distribution

MAS FINANCIAL SERVICES LIMITED

MFSL/SEC/EQ/2023/05

February 1, 2023

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

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

Scrip Code: **540749, 947381**

Trading Symbol: **MASFIN**

Dear Sir,

Sub.: Outcome of Board Meeting of the Company held today i.e. Wednesday, February 01, 2023.

The Board of Directors of the Company in its Meeting held today i.e. on February 01, 2023 has inter alia:

1. Formed, reviewed and updated various policies of the Company;
2. Approved the unaudited Standalone & Consolidated Financial Results of the Company for the quarter and nine months ended on December 31, 2022 along with Limited Review Report issued by the Statutory Auditors of the Company; and
3. Declared Interim Dividend of Rs. 1.80/- (Rupees One and Eighty Paise only) per Equity share i.e. 18.00% of the face value of Rs. 10/-; and
4. In compliance of Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the record date for Interim Dividend is fixed as Saturday, February 11, 2023.

The said meeting of the Board of Directors **commenced at 01:30 P.M. and concluded at 4.15 P.M.**

As required under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, all the above mentioned documents will be uploaded on the Stock Exchange websites at www.nseindia.com and www.bseindia.com and will also be simultaneously posted on the website of the Company at www.mas.co.in.

Request you to take the same on your records.

Thanking you,

Yours faithfully,

For, **MAS Financial Services Limited**

Riddhi Bhaveshbhai Bhayani
Company Secretary and Compliance Officer
ACS No.: A41206



Regd. Office :

6, Ground Floor, Narayan Chambers,

B/h Patang Hotel, Ashram Road, Ahmedabad-380 009. www.mas.co.in

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mfsl@mas.co.in



MAS FINANCIAL SERVICES LIMITED

Disclosure pursuant to Reg. 52 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Sr. No	Particulars	Compliance							
		ISIN:	ISIN:	ISIN:	ISIN:	ISIN:	ISIN:	ISIN:	ISIN:
		INE348L07076	INE348L07084	INE348L07092	INE348L07100	INE348L07118	INE348L07134	INE348L07142	INE348L07126
a	Credit Rating and change in credit rating (if any);	CARE PP-MLD A+; Stable – No change in rating							CARE A+; Stable [Single A Plus; Outlook: Stable] – No change in rating
b	Debt-Equity Ratio (as on 31.12.2022)	4.16 times							
c	Debt Service coverage ratio	The said ratio is not relevant as the Company is engaged in financial activities.							
d	Interest service coverage ratio								
e	Outstanding redeemable preference shares (quantity and value)	Nil							
f	Capital redemption reserve/ debenture redemption reserve	Nil							
g	Net worth	Rs. 1,42,710.30 Lakh (as on 31.12.2022)							
h	Net profit after tax	For quarter ended 31.12.2022- Rs. 5,125.19 Lakh For the nine month ended 31.12.2022- Rs. 14,684.62 Lakh							
i	Earnings per share	Basic - For the quarter ended 31.12.2022- Rs. 9.38 per share For the nine month ended 31.12.2022- Rs. 26.86 per share Diluted - For the quarter ended 31.12.2022- Rs. 9.38 per share For the nine month ended 31.12.2022- Rs. 26.86 per share							



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J	Current ratio	The said ratio is not relevant as the Company is engaged in financial activities.
k	Long term debt to working capital	
l	Bad debts to Account receivable ratio	
m	Current liability ratio	
n	Total debts to total assets	0.78
o	Debtors turnover	The said ratio is not relevant as the Company is engaged in financial activities.
p	Inventory turnover	
q	Operating margin	
r	Net profit margin	For the quarter ended 31.12.2022- 20.30% For the nine month ended 31.12.2022- 21.57%
s	Sector specific equivalent ratio	Gross stage 3% - 2.23% Net stage 3% - 1.60% Capital to risk-weighted assets ratio (Calculated as per RBI guidelines) – 24.47%
t	Previous due date for the payment of interest for non-convertible debt securities and whether the same has been paid or not; and,	Annexure A
u	Next due date for the payment of interest.	Annexure A



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Annexure A

Details of redemption & payment of interest during the quarter end: December 31, 2022

Instrument Name	Rated, Senior, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures
ISIN	INE348L07076
Previous Due Date for payment of Interest	NA
Previous Due Date for payment of Principal	NA
Whether the previous interest payment has been paid or not	NA
Whether the previous Principal payment has been paid or not	NA
Next Due Date for payment of Interest	30-03-2023
Next Due Date for payment of Principal	30-03-2023
Amount of Interest Payable	If the Annualised Interest Rate is 8.80%: Rs. 18,374 (Per lakh) or If the Annualised Interest Rate is 8.75%: Rs. 18,266 (Per lakh) or If the Annualised Interest Rate is 0%: Rs. Nil
Principal Redemption Amount	Rs. 65,00,00,000/-

Instrument Name	Rated, Senior, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures
ISIN	INE348L07084
Previous Due Date for payment of Interest	NA
Previous Due Date for payment of Principal	NA
Whether the previous interest payment has been paid or not	NA
Whether the previous Principal payment has been paid or not	NA
Next Due Date for payment of Interest	23-12-2023
Next Due Date for payment of Principal	23-12-2023
Amount of Interest Payable	If the Annualised Interest Rate is 8.50%: Rs. 22,637 (Per lakh) or If the Annualised Interest Rate is 8.45%: Rs. 22,496 (Per lakh) or If the Annualised Interest Rate is 0%: Rs. Nil
Principal Redemption Amount	Rs. 100,00,00,000/-



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Instrument Name	Rated, Senior, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures
ISIN	INE348L07092
Previous Due Date for payment of Interest	NA
Previous Due Date for payment of Principal	NA
Whether the previous interest payment has been paid or not	NA
Whether the previous Principal payment has been paid or not	NA
Next Due Date for payment of Interest	18-09-2023
Next Due Date for payment of Principal	18-09-2023
Amount of Interest Payable	If the Annualised Interest Rate is 8.50%: Rs. 1,76,402 (Per Debenture) or If the Annualised Interest Rate is 8.45%: Rs. 1,77,488 (Per Debenture) or If the Annualised Interest Rate is 0%: Rs. Nil
Redemption Amount	Rs. 100,00,00,000/-

Instrument Name	Unsecured, rated, listed, redeemable, subordinated, taxable, transferable, non-convertible debentures (NCDs)
ISIN	INE348L08041
Previous Due Date for payment of Interest	20-12-2022
Previous Due Date for payment of Principal	NA
Whether the previous interest payment has been paid or not	Paid
Whether the previous Principal payment has been paid or not	NA
Next Due Date for payment of Interest	20-01-2023
Next Due Date for payment of Principal	20-05-2027
Amount of Interest Payable	10.75%
Principal Redemption Amount	50,00,00,000



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Instrument Name	Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures
ISIN	INE348L07100
Previous Due Date for payment of Interest	NA
Previous Due Date for payment of Principal	NA
Whether the previous interest payment has been paid or not	NA
Whether the previous Principal payment has been paid or not	NA
Next Due Date for payment of Interest	25-01-2024
Next Due Date for payment of Principal	25-01-2024
Amount of Interest Payable	If the Annualised Interest Rate is 8.50%: Rs. 1,93,385 (Per Debenture) or If the Annualised Interest Rate is 8.45%: Rs. 1,92,194 (Per Debenture) or If the Annualised Interest Rate is 0%: Rs. Nil
Redemption Amount	Rs. 100,00,00,000/-

Instrument Name	Rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures (NCDs)
ISIN	INE348L07118
Previous Due Date for payment of Interest	NA
Previous Due Date for payment of Principal	NA
Whether the previous interest payment has been paid or not	NA
Whether the previous Principal payment has been paid or not	NA
Next Due Date for payment of Interest	06-12-2023
Next Due Date for payment of Principal	06-12-2023
Amount of Interest Payable	If the Annualised Interest Rate is 8.60%: Rs. 1,31,863 (Per Debenture) or If the Annualised Interest Rate is 8.10%: Rs. 1,24,048 (Per Debenture) or If the Annualised Interest Rate is 0%: Rs. Nil
Principal Redemption Amount	Rs. 100,00,00,000/-



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Instrument Name	Rated, listed, redeemable, senior, secured, non-convertible debentures (NCDs)
ISIN	INE348L07126
Previous Due Date for payment of Interest	31-12-2022
Previous Due Date for payment of Principal	30-11-2022
Whether the previous interest payment has been paid or not	Paid
Whether the previous Principal payment has been paid or not	Paid
Next Due Date for payment of Interest	31-01-2023
Next Due Date for payment of Principal	28-02-2023
Amount of Interest Payable	Rs. 31,94,486
Principal Redemption Amount	Rs. 6,25,00,000

Instrument Name	Rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures (NCDs)
ISIN	INE348L07134
Previous Due Date for payment of Interest	NA
Previous Due Date for payment of Principal	NA
Whether the previous interest payment has been paid or not	NA
Whether the previous Principal payment has been paid or not	NA
Next Due Date for payment of Interest	29-01-2024
Next Due Date for payment of Principal	29-01-2024
Amount of Interest Payable	If the Annualised Interest Rate is 8.60%: Rs. 1,32,119 (Per Debenture) or If the Annualised Interest Rate is 8.10%: Rs. 1,24,288 (Per Debenture) or If the Annualised Interest Rate is 0%: Rs. Nil
Principal Redemption Amount	Rs. 100,00,00,000/-



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Instrument Name	Rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures (NCDs)
ISIN	INE348L07142
Previous Due Date for payment of Interest	NA
Previous Due Date for payment of Principal	NA
Whether the previous interest payment has been paid or not	NA
Whether the previous Principal payment has been paid or not	NA
Next Due Date for payment of Interest	03-12-2024
Next Due Date for payment of Principal	03-12-2024
Amount of Interest Payable	If the Annualised Interest Rate is 8.90%: Rs. 1,86,752 (Per Debenture) or If the Annualised Interest Rate is 8.80%: Rs. 1,84,565 (Per Debenture) or If the Annualised Interest Rate is 0%: Rs. Nil
Principal Redemption Amount	Rs. 100,00,00,000/-



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Independent Auditor's Review Report on Review of Interim Standalone Financial Results

To,
The Board of Directors of MAS Financial Services Limited

1. We have reviewed the accompanying statement of Standalone Unaudited Financial Results of MAS Financial Services Limited ['the Company'] for the quarter ended December 31, 2022 and the year to date results for the period April 1, 2022 to December 31, 2022 ['the Statement'], being submitted by the company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended [together referred as the 'SEBI Listing Regulations'].
2. This Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors of the Company, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with the SEBI Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the SEBI Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

Place: Ahmedabad
Date: 1st February, 2023

UDIN: 23042132 BGVII B1758



For Mukesh M. Shah & Co
Chartered Accountants
Firm Registration No. 106625W

CSShal
Chandresh S. Shah
Partner
Membership No. 042132

Independent Auditor's Review Report on Review of Interim Standalone Financial Results

To,
The Board of Directors of MAS Financial Services Limited

1. We have reviewed the accompanying statement of Standalone Unaudited Financial Results of MAS Financial Services Limited ['the Company'] for the quarter ended December 31, 2022 and the year to date results for the period April 1, 2022 to December 31, 2022 ['the Statement'], being submitted by the company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended [together referred as the 'SEBI Listing Regulations'].
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Place: Ahmedabad
Date: 1st February, 2023

UDIN: 23042132 BGVTIB 1758



For Mukesh M. Shah & Co
Chartered Accountants
Firm Registration No. 106625W

CSShal
Chandresh S. Shah
Partner
Membership No. 042132



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CIN: L65910GJ1995PLC026064

Statement of unaudited standalone financial results for the quarter and nine months ended 31 December 2022

(₹ in Lakh)

Sr. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2022 (Unaudited)	30.09.2022 (Unaudited)	31.12.2021 (Unaudited)	31.12.2022 (Unaudited)	31.12.2021 (Unaudited)	31.03.2022 (Audited)
1	INCOME						
	(a) Revenue from operations						
	Interest income	22,369.50	19,406.01	14,704.94	58,541.41	41,047.04	56,948.31
	Gain on assignment of financial assets (Refer note 6)	1,679.80	1,777.58	1,746.71	5,022.38	4,953.81	6,423.92
	Fees and commission income	950.04	1,557.86	618.23	3,581.58	1,294.06	1,723.12
	Net gain on fair value changes	182.22	253.63	79.26	739.63	276.51	499.12
	Total revenue from operations	25,181.56	22,995.08	17,149.14	67,885.00	47,571.42	65,594.47
	(b) Other income	60.84	6.52	28.87	192.28	131.99	150.58
	Total income	25,242.40	23,001.60	17,178.01	68,077.28	47,703.41	65,745.05
2	EXPENSES						
	(a) Finance costs	12,764.49	11,084.00	8,312.53	33,132.12	22,900.02	31,953.79
	(b) Fees and commission expense	1,636.77	1,761.02	853.66	4,698.14	1,375.53	2,309.41
	(c) Impairment on financial instruments	1,419.30	1,210.40	680.34	3,475.62	3,032.08	3,409.66
	(d) Employee benefits expenses	1,594.63	1,540.91	1,176.13	4,510.94	2,984.21	4,223.02
	(e) Depreciation, amortisation and impairment	62.41	61.20	41.03	174.38	131.03	177.61
	(f) Other expenses	911.46	801.39	726.77	2,464.25	1,787.16	2,504.76
	Total expenses	18,389.06	16,458.92	11,790.46	48,455.45	32,210.03	44,578.25
3	Profit before exceptional items and tax (1-2)	6,853.34	6,542.68	5,387.55	19,621.83	15,493.38	21,166.80
4	Exceptional items	-	-	-	-	-	-
5	Profit before tax (3-4)	6,853.34	6,542.68	5,387.55	19,621.83	15,493.38	21,166.80
6	Tax expense						
	(a) Current tax	1,753.34	1,556.33	1,390.94	4,906.30	4,052.45	5,423.01
	(b) Short / (excess) provision for tax relating to prior years	(2.68)	-	-	(2.68)	-	(50.36)
	Net current tax expense	1,750.66	1,556.33	1,390.94	4,903.62	4,052.45	5,372.65
	(b) Deferred tax expense/(credit)	(22.51)	79.29	(13.73)	33.59	(84.46)	11.51
	Total tax expense	1,728.15	1,635.62	1,377.21	4,937.21	3,967.99	5,384.16
7	Profit after tax (5-6)	5,125.19	4,907.06	4,010.34	14,684.62	11,525.39	15,782.64
8	Other comprehensive income (OCI)						
	(a) (i) Items that will not be reclassified to profit or loss						
	- Re-measurement of the defined benefit liabilities	15.98	34.73	(7.94)	47.94	7.95	(11.10)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(4.03)	(8.74)	2.00	(12.07)	(2.00)	2.79
	Sub-total (a)	11.95	25.99	(5.94)	35.87	5.95	(8.31)
	(b) (i) Items that will be reclassified to profit or loss						
	- Loans and advances through other comprehensive Income	982.00	(2,150.09)	(151.46)	(2,198.56)	(767.30)	(1,001.19)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(247.15)	541.13	38.11	553.33	193.11	251.98
	Sub-total (b)	734.85	(1,608.96)	(113.35)	(1,645.23)	(574.19)	(749.21)
	Other comprehensive income / (loss) (a+b)	746.80	(1,582.97)	(119.29)	(1,609.36)	(568.24)	(757.52)
9	Total comprehensive income for the period / year (7+8)	5,871.99	3,324.09	3,891.05	13,075.26	10,957.15	15,025.12
10	Earnings per share (of ₹10 each) (not annualized for interim periods)						
	(a) Basic (₹)	9.38	8.98	7.34	26.86	21.08	28.87
	(b) Diluted (₹)	9.38	8.98	7.34	26.86	21.08	28.87



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Notes :

- The unaudited standalone financial results of the Company have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard ('Ind AS') 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'SEBI Listing Regulations'). Any application guidance/ clarifications/ directions issued by Reserve Bank of India ('RBI') or other regulators are implemented as and when they are issued/ applicable.
- The above standalone financial results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 1 February 2023.
- In compliance with the SEBI Listing Regulations, a limited review of the standalone financial results for the quarter and nine months ended 31 December 2022 has been carried out by the Statutory Auditors.
- On 5 August 2022, the Company has incorporated a subsidiary company i.e. MASFIN Insurance Broking Private Limited and has invested an amount of ₹ 34.50 lakh by subscribing to 3,45,000 equity shares of the face value of ₹ 10 each in cash for 69.00% equity stake in the newly incorporated company on 3 September 2022.
- The Board of Directors has declared an interim dividend of ₹ 1.80 per equity share of ₹ 10 each at its meeting held on 1 February 2023.
- Amortising the gain on assignment of financial assets over the residual tenure instead of booking upfront:**

On derecognition of loans in its entirety upon assignment, as Ind AS 109 'Financial Instruments', the Company is required to recognise the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including new asset obtained less any new liability assumed) as gain immediately in the statement of profit or loss.

The Company is of view that the accounting treatment prescribed in Ind AS 109 inflates the income at the time of assignment and leads to reporting higher earnings per share, potentially higher dividend pay-out and will not present true and fair view of the entity's financial position, financial performance and cash flows. Therefore, the management of the company has exercised their judgement under para 19 of Ind AS 1 "Presentation of financial statements" and has departed from the aforementioned requirement of Ind AS 109. The company is complying with the applicable Ind AS except for the particular requirement of Ind AS 109 as mentioned above. The relevant disclosure as required by para 20 of Ind AS is also disclosed in this note.

As per current practice, such gains are recognised as 'unearned income on assigned loans' under the head 'other non-financial liabilities' and is amortised in the statement of profit and loss over the period of the underlying residual tenure of the assigned loan portfolio while related assets and liabilities are recorded at the fair value as per Ind AS requirement.

If the company would have complied with Ind AS 109, the financial impact on the following items (Increase / (decrease)) in the financial statements would have been as under:

Impact on Statement of Profit and Loss items:

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2022	30.09.2022	31.12.2021	31.12.2022	31.12.2021	31.03.2022
Gain on assignment of financial assets	(96.18)	(42.97)	11.21	(193.19)	(364.01)	(37.18)
Profit before tax	(96.18)	(42.97)	11.21	(193.19)	(364.01)	(37.18)
Deferred tax expense / (Credit)	(24.20)	(10.82)	2.82	(48.62)	(91.61)	(9.36)
Profit after tax	(71.98)	(32.15)	8.39	(144.57)	(272.40)	(27.82)
Basic / Diluted EPS	(0.13)	(0.06)	0.02	(0.26)	(0.50)	(0.05)

Further, NBFC industry body Finance Industry Development Council which is represented by more than 100 NBFCs is also of the same view.

- The significant increase in economic activities post easing of lockdown by the state governments due to COVID -19 had resulted in improvement in business operation of the Company. As at 31 December 2022, additional Expected Credit Loss (ECL) provision on loan assets as management overlay on account of COVID-19 stood at ₹ 2,168.77 lakh.
- In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on implementation of Indian Accounting Standards, Non-Banking Financial Companies ('NBFCs') are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition Asset Classification and Provisioning ('IRACP') norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard assets provisioning), as at 31 December 2022 and accordingly, no amount is required to be transferred to impairment reserve.



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9 Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021**(a) Details of loans not in default transferred through assignment during the nine months ended 31 December 2022**

Aggregate principal outstanding of loans transferred (₹ in lakh)	1,09,522.91
Weighted average residual maturity (in months)	25
Weighted average holding period (in months)	4
Average retention of beneficial economic interest (MRR) (%)	15%
Average coverage of tangible security (%)	45%
Rating wise distribution of loans transferred	Unrated

(b) Details of loans not in default acquired through assignment during the nine months ended 31 December 2022

Aggregate principal outstanding of loans acquired (₹ in lakh)	12,881.71
Weighted average residual maturity (in months)	24
Weighted average holding period (in months)	9
Average retention of beneficial economic interest (MRR) by originator (%)	10%
Average coverage of tangible security (%)	2%
Rating wise distribution of loans acquired	Unrated

(c) The Company has not transferred or acquired any stressed loan during the nine months ended 31 December 2022.

- 10** All secured NCDs issued by the Company are secured by way of a first ranking, exclusive and continuing charge on identified standard receivables ('Hypothecated Receivables') to maintain the value of security at all times equal to 110.0% of the aggregate amount of principal outstanding (including accrued interest) of the NCDs as per the respective term sheet of outstanding secured NCDs.
- 11** The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the provident fund Act and the gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry of Labour and Employment. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.
- 12** The Company is engaged primarily in the business of financing and all its operations are in India only. Accordingly, there is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
- 13** Effective 1 October 2022, the Company has been categorised as NBFC-ML under the RBI Scale Based Regulation dated 22 October 2021. Accordingly, the Company has taken steps wherever applicable to ensure compliance with the said regulation.
- 14** As on 31 December 2022, the security cover available in respect of secured non-convertible debt securities is 1.10 times. The security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as Annexure 1.
- 15** Figures of previous reporting periods have been regrouped / reclassified, wherever necessary, to correspond with the figures of the current reporting period.




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

Ahmedabad
 1 February 2023

Independent Auditor's Review Report on Review of Interim Consolidated Financial Results

To,
The Board of Directors of MAS Financial Services Limited

1. We have reviewed the accompanying statement of Consolidated Unaudited Financial Results of MAS Financial Services Limited ['the Parent'] and its subsidiaries (the Parent and its subsidiaries together referred to as the 'Group'), for the quarter ended December 31, 2022 and the year to date results for the period April 1, 2022 to December 31, 2022, being submitted by the Parent pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended [together referred as the 'SEBI Listing Regulations'].
2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. The statement includes the following entities:

Name of the company	Relationship
MAS Financial Services Limited	Parent
MAS Rural Housing & Mortgage Finance Limited	Subsidiary
MASFIN Insurance Broking Private Limited	Subsidiary

5. We did not review the interim financial information of the subsidiary included in the Statement, whose interim financial information (before consolidation adjustments) reflect total revenue of Rs. 1,093.35 lakh and Rs. 3,014.36 lakh, total net profit after tax of Rs. 158.55 lakh and Rs. 433.70 lakh and total comprehensive income of Rs. 122.02 lakh and Rs. 403.23 Lakh for the quarter ended December 31, 2022 and for the period April 1, 2022 to December 31, 2022, respectively, as considered in the Statement.

This interim financial information has been reviewed by the other auditor whose report has been furnished to us by management, and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of this matter.

6. Based on our review conducted as stated in paragraph 3 above and based on the consideration of the review reports of other auditor referred to in paragraph 5 above, nothing has come to our



MUKESH M. SHAH & CO.

CHARTERED ACCOUNTANTS

attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the SEBI Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

Place: Ahmedabad
Date: 1st February, 2023

UDIN: 23042132 BGVITC 1155



For Mukesh M. Shah & Co
Chartered Accountants
Firm Registration No. 106625W

CSShal
Chandresh S. Shah
Partner
Membership No. 042132

**MAS FINANCIAL SERVICES LTD.**

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 CIN: L65910GJ1995PLC026064

Statement of unaudited consolidated financial results for the quarter and nine months ended 31 December 2022

(₹ in Lakh)

Sr. No.	Particulars	Quarter ended			Nine Months ended		Year ended
		31.12.2022 (Unaudited)	30.09.2022 (Unaudited)	31.12.2021 (Unaudited)	31.12.2022 (Unaudited)	31.12.2021 (Unaudited)	31.03.2022 (Audited)
1	INCOME						
	(a) Revenue from operations						
	Interest income	23,351.97	20,318.69	15,477.54	61,212.11	43,489.80	60,167.61
	Gain on assignment of financial assets (Refer note 6)	1,737.08	1,842.99	1,784.20	5,203.57	5,040.49	6,562.91
	Fees and commission income	970.44	1,589.90	657.29	3,642.10	1,368.17	1,814.30
	Net gain on fair value changes	180.47	260.10	79.26	739.63	276.51	472.55
	Total revenue from operations	26,239.96	24,011.68	17,998.29	70,797.41	50,174.97	69,017.37
	(b) Other income	76.00	8.23	30.81	108.54	70.16	93.40
	Total income	26,315.96	24,019.91	18,029.10	70,905.95	50,245.13	69,110.77
2	EXPENSES						
	(a) Finance costs	13,315.98	11,591.74	8,761.32	34,639.24	24,357.75	33,868.41
	(b) Fees and commission expense	1,636.77	1,761.02	853.66	4,698.14	1,375.53	2,309.41
	(c) Impairment on financial instruments	1,422.01	1,230.70	720.99	3,499.15	3,143.85	3,527.36
	(d) Employee benefits expenses	1,805.96	1,769.12	1,328.14	5,069.17	3,384.68	4,778.95
	(e) Depreciation, amortisation and impairment	70.32	68.38	48.10	196.48	154.17	207.14
	(f) Other expenses	1,012.26	844.23	797.60	2,742.10	1,976.25	2,771.19
	Total expenses	19,263.30	17,265.19	12,509.81	50,844.28	34,392.23	47,462.46
3	Profit before tax (1-2)	7,052.66	6,754.72	5,519.29	20,061.67	15,852.90	21,648.31
4	Tax expense						
	(a) Current tax	1,810.14	1,618.13	1,433.94	5,067.80	4,181.25	5,583.11
	(b) Short / (Excess) provision for tax relating to prior years	(3.03)	-	-	(3.03)	-	(50.76)
	Net current tax expense	1,807.11	1,618.13	1,433.94	5,064.77	4,181.25	5,532.35
	(c) Deferred tax expense/(credit)	(28.63)	70.93	(19.79)	18.73	(99.58)	1.08
	Total tax expense	1,778.48	1,689.06	1,414.15	5,083.50	4,081.67	5,533.43
5	Profit after tax (3-4)	5,274.18	5,065.66	4,105.14	14,978.17	11,771.23	16,114.88
6	Other comprehensive income (OCI)						
	(a) (i) Items that will not be reclassified to profit or loss						
	- Re-measurement of the defined benefit liabilities	17.91	37.95	(6.09)	53.71	13.52	(8.61)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(4.51)	(9.55)	1.53	(13.52)	(3.40)	2.17
	Sub-total (a)	13.40	28.40	(4.56)	40.19	10.12	(6.44)
	(b) (i) Items that will be reclassified to profit or loss						
	- Loans and advances through other comprehensive Income	931.27	(2,127.36)	(173.47)	(2,245.04)	(741.38)	(1,029.62)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(234.38)	535.41	43.66	565.03	186.59	259.14
	Sub-total (b)	696.89	(1,591.95)	(129.81)	(1,680.01)	(554.79)	(770.48)
	Other comprehensive income / (loss) (a+b)	710.29	(1,563.55)	(134.37)	(1,639.82)	(544.67)	(776.92)
7	Total comprehensive income for the period / year (5+6)	5,984.47	3,502.11	3,970.77	13,338.35	11,226.56	15,337.96
8	Profit for the period / year attributable to						
	Owners of the Parent	5,210.28	4,997.90	4,063.27	14,803.43	11,636.35	15,930.76
	Non-controlling interest	63.90	67.76	41.87	174.74	134.88	184.12
9	Other comprehensive income for the period / year attributable to						
	Owners of the Parent	725.02	(1,571.38)	(128.29)	(1,627.53)	(554.18)	(769.09)
	Non-controlling interest	(14.73)	7.83	(6.08)	(12.29)	9.51	(7.83)
10	Total comprehensive income for the period / year attributable to						
	Owners of the Parent	5,935.30	3,426.52	3,934.98	13,175.90	11,082.17	15,161.67
	Non-controlling interest	49.17	75.59	35.79	162.45	144.39	176.29
11	Earnings per share (of ₹10 each) (not annualized for interim periods)						
	(a) Basic (₹)	9.53	9.14	7.43	27.08	21.29	29.14
	(b) Diluted (₹)	9.53	9.14	7.43	27.08	21.29	29.14



**MAS FINANCIAL SERVICES LTD.**

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 CIN: L65910GJ1995PLC026064

Notes :

- The unaudited consolidated financial results of MAS Financial Services Limited (the 'Parent') and its subsidiaries (collectively referred to as the 'Group') have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (referred to as 'Ind AS') prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'SEBI Listing Regulations'). Any application guidance/ clarifications/ directions issued by Reserve Bank of India ('RBI') or other regulators are implemented as and when they are issued/ applicable.
- The above consolidated financial results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Parent at its meeting held on 1 February 2023.
- In compliance with the SEBI Listing Regulations, a limited review of the consolidated financial results for the quarter and nine months ended 31 December 2022 has been carried out by the Statutory Auditors.
- On 5 August 2022, the Group has incorporated a new subsidiary company i.e. MASFIN Insurance Broking Private Limited and Parent company has invested an amount of ₹ 34.50 lakh by subscribing to 3,45,000 equity shares of the face value of ₹ 10 each in cash for 69.00% equity stake in the newly incorporated company on 3 September 2022.
- The Board of Directors of the Parent has declared an interim dividend of ₹ 1.80 per equity share of ₹ 10 each at its meeting held on 1 February 2023.
- Amortising the gain on assignment of financial assets over the residual tenure instead of booking upfront:**

On derecognition of loans in its entirety upon assignment, as per Ind AS 109 'Financial Instruments', the Group is required to recognise the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including new asset obtained less any new liability assumed) as gain immediately in the profit or loss.

The Group is of view that the accounting treatment prescribed in Ind AS 109 inflates the income at the time of assignment and leads to reporting higher earnings per share, potentially higher dividend pay-out and will not present true and fair view of the entity's financial position, financial performance and cash flows. Therefore, the management of the group has exercised their judgement under para 19 of Ind AS 1 "Presentation of financial statements" and has departed from the aforementioned requirement of Ind AS 109. The Group is complying with the applicable Ind AS except for the particular requirement of Ind AS 109 as mentioned above. The relevant disclosure as required by para 20 of Ind AS is also disclosed in this note.

As per current practice, such gains are recognised as 'unearned income on assigned loans' under the head 'other non-financial liabilities' and is amortised in the statement of profit and loss over the period of the underlying residual tenure of the assigned loan portfolio while related assets and liabilities are recorded at the fair value as per Ind AS requirement.

If the Group would have complied with Ind AS 109, the financial effect on following items [Increase / (decrease)] in the financial statements would have been as follows:

(₹ in Lakh)

Particulars	Quarter ended			Year ended		
	31.12.2022	30.09.2022	31.12.2021	31.12.2022	31.12.2021	31.03.2022
Gain on assignment of financial assets	(139.15)	124.19	(6.82)	(98.09)	(332.58)	59.55
Profit before tax	(139.15)	124.19	(6.82)	(98.09)	(332.58)	59.55
Deferred tax expense / (Credit)	(35.02)	31.26	(1.72)	(24.69)	(83.70)	14.99
Profit after tax	(104.13)	92.93	(5.10)	(73.40)	(248.88)	44.56
Profit after tax attributable to Owners of the Parent	(62.13)	55.45	(3.04)	(43.79)	(148.50)	26.59
Profit after tax attributable to Non-controlling interest	(42.00)	37.48	(2.06)	(29.61)	(100.38)	17.97
Basic / Diluted EPS (₹)	(0.11)	0.10	(0.01)	(0.08)	(0.27)	0.05

Further, NBFC industry body Finance Industry Development Council which is represented by more than 100 NBFCs is also of the same view.

- The significant increase in economic activities post easing of lockdown by the state governments due to COVID -19 had resulted in improvement in business operation of the Group. As at 31 December 2022, additional Expected Credit Loss (ECL) provision on loan assets as management overlay on account of COVID-19 stood at ₹ 2,468.61 lakh.



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- 8 In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on implementation of Indian Accounting Standards, Non-Banking Financial Companies ("NBFCs") are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and income recognition asset classification and provisioning ("IRACP") norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Group exceeds the total provision required under IRACP (including standard assets provisioning), as at 31 December 2022 and accordingly, no amount is required to be transferred to impairment reserve.
- 9 All secured NCDs issued by the Parent are secured by way of a first ranking, exclusive and continuing charge on identified standard receivables ('Hypothecated Receivables') to maintain the value of security at all times equal to 110.0% of the aggregate amount of principal outstanding (including accrued interest) of the NCDs as per the respective term sheet of outstanding secured NCDs.
- 10 The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the provident fund Act and the gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry of Labour and Employment. The Group will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.
- 11 The Group is engaged primarily in the business of financing and all its operations are in India only. Accordingly, there is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Group.
- 12 Figures of previous reporting periods have been regrouped / reclassified, wherever necessary, to correspond with the figures of the current reporting period.



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

Ahmedabad
1 February 2023



The Power of Distribution

MAS FINANCIAL SERVICES LIMITED

MFSL/SEC/EQ/2023/7

February 01, 2023

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

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

Scrip Code: **540749, 947381**

Trading Symbol: **MASFIN**

Dear Sir,

Sub.: Submission of Statement pursuant to Regulation 52(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

We would like to inform you that pursuant to Regulation 52(7) of the SEBI Listing Regulations, all the proceeds of issue of non-convertible debentures issued during the quarter ended on December 31, 2022 were utilized for specified object as per their respective offer document and there is no deviation/variation.

Please find enclosed a copy of the statement in the format prescribed by SEBI.

You are requested to take the same on record.

Thanking you,

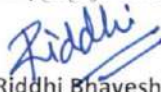
Yours faithfully,

Request you to take the same on your records.

Thanking you,

Yours faithfully,

For, **MAS Financial Services Limited**


Riddhi Bhaveshbhai Bhayani
Company Secretary and Compliance Officer
ACS No.: A41206



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+ 91(O) 079 4110 6597, + 91 (O) 079 4110 6561

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mfsl@mas.co.in

Statement of Deviation or Variation

A. Statement of utilization of issue proceeds:

Name of the Issuer	ISIN	Mode of Fund Raising (Public issues/ Private placement)	Type of Instrument	Date of raising fund	Amount Raised	Funds Utilized	Any Deviation (Yes/ No)	If 8 is Yes, then specify the purpose of for which the funds were utilized	Remarks, if any
1	2	3	4	5	6	7	8	9	10
MAS Financial Services Limited	INE348 L07142	Private placement	Rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures (NCDs)	01/12/2022	100 Crore.	Yes	No	NA	NA

B. Statement of deviation/ variation in use of Issue proceeds:

Name of listed entity	MAS Financial Services Limited
Mode of Fund Raising	Private Placement
Type of instrument	Rated, senior, secured, listed, transferable, redeemable, principal protected market linked non-convertible debentures
Date of Raising Funds	December 01, 2022
Amount Raised	Rs. 100 Crores
Report filed for quarter ended	December 31, 2022
Is there a Deviation / Variation in use of funds raised?	No
Whether any approval is required to vary the objects of the issue stated in the prospectus/ offer document?	Not Applicable
If yes, details of the approval so required?	Not Applicable
Date of approval	Not Applicable
Explanation for the Deviation / Variation	Not Applicable
Comments of the audit committee after review	Not Applicable
Comments of the auditors, if any	Not Applicable



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The Power of Distribution

MAS FINANCIAL SERVICES LIMITED

Objects for which funds have been raised and where there has been a deviation, in the following table: **Not Applicable, since there is no deviation.**

Original Object	Modified Object, if any	Original allocation, if any	Modified Object, if any	Fund utilized	Amount of deviation/ variation for the quarter according to applicable object (in Rs. crore and in %)	Remarks, if any
Not Applicable						

For, MAS Financial Services Limited

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



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mfsl@mas.co.in



The Power of Distribution

MAS FINANCIAL SERVICES LIMITED

February 1, 2023

MFSL/SEC/EQ/2023/06

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

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

Scrip Code: 540749, 947381

Trading Symbol: **MASFIN**

Dear Sir,

Sub.: Submission of information pursuant to Regulation 54 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.

Pursuant to the Regulation 54 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please note that all the secured listed Non - Convertible Debentures issued by the Company and outstanding as on December 31, 2022 are fully secured. Accordingly, the Company is maintaining Security cover of 100% or such higher security cover required as per the terms.

Please find enclosed a copy of the Certificate on Security Cover in the format prescribed by SEBI.

Thanking you,

Yours faithfully,
For, **MAS Financial Services Limited**

Riddhi Bhaveshbhai Bhayani
Company Secretary and Compliance Officer
ACS No.: A41206



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To,
The Board of Directors
MAS Financial Services Limited

Independent Auditor's Certificate on the Statement of maintenance of security cover in respect of secured listed non-convertible debentures as at 31 December 2022.

1. This Certificate is issued in accordance with the terms of our engagement letter with MAS Financial Services Limited ('the Company') and pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular: SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/67 dated 19 May 2022 (Collectively referred to as "Regulations").
2. We have examined the details given in the attached statement (referred as the "Statement") prepared by the management, stamped by us for identification purpose, containing:
 - a. Computation of Security cover as on 31st December 2022;
 - b. Details of book value of assets and liabilities and the market value of the charged assets of the Company as on 31st December 2022 as per the Regulations; and
 - c. Statement of compliance with the covenants for the period ended 31st December 2022.

Management's Responsibility

3. The Compliance with the Regulations & other applicable circular, the terms & covenants of the Non-Convertible Debentures (NCDs) as per the Offer Document/Shelf Placement Memorandum and Debenture Trust Deeds and calculation of security cover as given in the attached Statement is the responsibility of the Company's management. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation and presentation of the Statement. The management is also responsible for ensuring that the Company complies with the requirements, including those given in the Regulations and provides all relevant information to the Debenture Trustee, National Stock Exchange of India Limited and BSE Limited.

Auditor's Responsibility

4. Our responsibility for the purpose of this certificate is to express limited assurance as to whether anything has come to our attention that causes us to believe that the details included in the accompanying Statement regarding book debt receivable and other assets offered as security against listed debt securities of the Company outstanding as at 31st December, 2022 are, in all material respects, not in agreement with the unaudited standalone financial information of the company, underlying books of account and other relevant records and documents maintained by the Company for the quarter ended 31st December, 2022.
5. The unaudited standalone financial information, referred to in paragraph 4 above, have been reviewed by us, on which we have expressed an unmodified conclusion vide our report dated 1st February, 2023. Our review of unaudited standalone financial information was conducted in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India ("the ICAI"). This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information is free of material misstatement. A review is limited primarily to inquiries of the company personnel and analytical procedures applied to the financial data and thus, provides less assurance than an audit. We have not performed an audit and accordingly, we did not express an audit opinion.
6. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained, had a reasonable assurance engagement been performed. The procedures selected



MUKESH M. SHAH & CO.

CHARTERED ACCOUNTANTS

depend on the auditor's judgement, including the assessment of the areas where a material misstatement of the subject matter information is likely to arise. We have performed the following procedures in relation to the accompanying statement:

- 6.1 Obtained the unaudited standalone financial information, underlying books of account and other relevant records and documents of the Company as at and for the period ended 31st December 2022;
- 6.2 Obtained the list and value of assets offered as security against the listed debt securities of the company outstanding as at 31st December 2022
- 6.3 Traced the amounts in the Statement, in relation to the computation of Security cover, to the unaudited standalone financial information of the Company as at and for the period ended 31st December 2022;
- 6.4 Ensured arithmetical accuracy of the computation of security cover in the Statement;
7. We have performed verification procedures, in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). We have complied with the relevant applicable requirements of the Standard on Quality Control ("SQC") 1, on Quality Control for Firms that perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Service Engagements.

Conclusion

8. Based on the procedures performed mentioned in paragraph 5, evidence obtained, and the information and explanations given to us, along with the representations provided by the management, nothing has come to our attention that causes us to believe that the details included in the accompanying statement regarding book values of the assets offered as security against listed debt securities of the company outstanding as at 31st December 2022 are, in all material respects, not in agreement with the unaudited standalone financial information of the company, underlying books of account and other relevant records and documents maintained by the company for the quarter ended 31st December 2022.

Restriction on Use

9. This certificate is issued for the purpose of submission by the Company to the National stock exchange of India Limited, BSE Limited and its Debenture Trustees pursuant to the Regulations and should not be used, referred to or distributed for any other purpose or by any person other than the addressees of this report. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Mukesh M. Shah & Co.
Chartered Accountants
Firm Registration No. 106625W

CSShal
Chandresh S. Shah
Partner
Membership Number.: 042132
UDIN: 23042132 BGVIID3852
Place: Ahmedabad
Date: 1st February 2023



Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Related to only those items covered by this certificate				
		Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-Passu charge (excluding items covered in column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable	Total Value(=K+L+M+N)
		Book Value	Book Value	Yes/ No	Book Value	Book Value								
ASSETS														
Property, Plant and Equipment		-	-	No	-	787.07	574.78	-	1,361.85	-	-	-	-	-
Capital Work-in- Progress		-	5,627.69	No	-	-	-	-	5,627.69	-	-	-	-	-
Right of Use Assets		-	-	No	-	-	110.61	-	110.61	-	-	-	-	-
Goodwill		-	-	No	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	No	-	-	109.70	-	109.70	-	-	-	-	-
Intangible Assets under Development		-	-	No	-	-	21.78	-	21.78	-	-	-	-	-
Investments		-	-	No	-	48,677.01	28,089.61	-	76,766.62	-	-	-	-	-
Loans	Loans & Advances given included spread receivable on assigned portfolio	83,370.24	3,31,134.00	Yes	-	1,45,862.91	15,034.69	-	5,75,401.84	-	83,370.24	-	-	83,370.24
Inventories		-	-	No	-	-	-	-	-	-	-	-	-	-
Trade Receivables		-	-	No	-	-	697.47	-	697.47	-	-	-	-	-
Cash and Cash Equivalents		-	-	No	-	-	15,019.69	-	15,019.69	-	-	-	-	-
Bank Balances other than Cash and Cash Equivalents		-	79,912.17	No	-	-	582.36	-	80,494.53	-	-	-	-	-
Others		-	-	No	-	-	4,901.59	-	4,901.59	-	-	-	-	-
Total		83,370.24	4,16,673.86		-	1,95,326.99	65,142.28	-	7,60,513.37	-	83,370.24	-	-	83,370.24

UDIN - 23042132 BGNID3852

[Handwritten Signature]



Annexure - 1
Standalone Security Cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(₹ in lakhs)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relates	Exclusive Charge	Exclusive Charge	Pari-Passu Charge	Pari-Passu Charge	Pari-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Related to only those items covered by this certificate				
		Debt for which this certificate is being issued	Other Secured Debt	Debt for which this certificate is being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-passu charge (excluding items covered in column F)		Debt amount considered more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable	Total Value(=K+L+M+N)
		Book Value	Book Value	Yes/ No	Book Value	Book Value								
LIABILITIES														
Debt securities to which this certificate pertains	Secured debentures	75,624.59	-	Yes	-	-	-	-	75,624.59	-	-	-	-	-
Other debt sharing pari-passu charge with above debt			-	No	-	-	-	-	-	-	-	-	-	-
Other Debt			-	No	-	-	-	-	-	-	-	-	-	-
Subordinated debt			-	No	-	-	16,034.16	-	16,034.16	-	-	-	-	-
Borrowings			3,24,113.09	No	-	1,43,286.99	-	-	4,67,400.08	-	-	-	-	-
Bank			-	No	-	-	-	-	-	-	-	-	-	-
Debt Securities			-	No	-	-	-	-	-	-	-	-	-	-
Others			-	No	-	-	-	-	-	-	-	-	-	-
Trade Payables			-	No	-	-	2,546.81	-	2,546.81	-	-	-	-	-
Lease Liabilities			-	No	-	-	116.68	-	116.68	-	-	-	-	-
Provisions			-	No	-	-	893.21	-	893.21	-	-	-	-	-
Others			-	No	-	-	55,187.53	-	55,187.53	-	-	-	-	-
Total		75,624.59	3,24,113.09		-	1,43,286.99	74,778.39	-	6,17,803.07	-	-	-	-	-
Cover on Book Value		1.10			NA									
Cover on Market Value														
		Exclusive Security Cover Ratio			Pari-Passu Security Cover Ratio									

Note: We confirm that the Company has complied with the covenants mentioned in the disclosure documents of the Secured redeemable Non-convertible debentures for the period ended December 31 2022.

UDIN - 23042132B&V IID 3852

[Handwritten Signature]





PRESS RELEASE

MAS Financial Services Limited results – 3rd Quarter FY 23

A Robust Financial Performance

111 Quarters of Consistent Financial Performance

The consolidated AUM of the company crossed ₹ 8000 Crore during the quarter.
A strong growth of 30% YOY.

Wednesday, 01st February 2023, Ahmedabad: The Board of Directors of MAS Financial Services Limited (MAS Financial) (BSE: 540749, NSE: MASFIN), specialized in MSME financing, announced today the unaudited financial results for the quarter ended 31st December, 2022.

The consistent financial performance during all the past turbulent period is the testimony of the strong fundamentals of the company; which is being followed over two decades. We witnessed a healthy growth in business activities across the segments we serve, during the quarter. The disbursement was ₹ 2221.58 Crore during the quarter ended 31st December 2022 as compared to ₹ 1598.72 Crore during the corresponding period.

Performance Highlights

MAS Financial Services Limited reports Assets under Management (AUM) of ₹ 7606.04 Crore and profit after tax of ₹ 51.25 Crore for the quarter ended 31st December 2022 from ₹ 5742.08 Crore and ₹ 40.10 Crore respectively for the quarter ended 31st December 2021. The AUM as on 30th September 2022 was ₹ 7138.11 Crore.

- A Growth of **32.46 %** in AUM and **27.80 %** in PAT over the corresponding period of the previous year.
- Capital Adequacy Ratio (including Tier II capital) as of 31st December, 2022 stood at **24.47%**. The Tier-I capital stood at **21.21%**.
- The portfolio quality remained stable and strong despite of the prolonged ongoing crisis followed by the unprecedented pandemic situation at **2.23%** gross stage 3 assets and **1.60 %** net stage 3 assets of AUM as compared to **2.26%** gross stage 3 assets and **1.60%** net stage 3 assets of AUM as on 30th September 2022.



- The company continues to carry buffer provision (COVID provision) as on 31st December 2022 of **0.34%** of the total on book assets.

(₹ in CR)

Particulars	Q3'23	Q3'22	QoQ	9M'23	9M'22	9Mo9M	FY 22
Assets Under Management	7606.04	5742.08	32.46%↑	7606.04	5742.08	32.46%↑	6246.80
Total Income	252.42	171.78	46.95%↑	680.77	477.03	42.71%↑	657.45
Profit Before Tax	68.53	53.88	27.21%↑	196.22	154.93	26.65%↑	211.67
Profit After Tax	51.25	40.10	27.80%↑	146.85	115.25	27.41%↑	157.83

(₹ in CR)

Asset Under Management (AUM)*	Dec-22	Dec-21	YoY
Micro-Enterprise loans	3777.12	2874.66	31.39%↑
SME loans	2840.69	2274.32	24.90%↑
2-Wheeler loans	501.57	362.87	38.22%↑
Commercial Vehicle loans	291.84	230.23	26.76%↑
Salaried Personal Loans	194.82	0.00	New product Segment↑
TOTAL AUM	7606.04	5742.08	32.46%↑

*Represents underlying assets in each of the categories. As on 31st December, 2022 39.03% of the total underlying assets is through various NBFCs.

- **Dividend:** In consonance to our policy of rewarding the shareholders the board has declared interim dividend of 18.00 % @ ₹ 1.80 per share.

Note on ~~MAS~~ Rural Housing and Mortgage Finance Limited (Subsidiary)

The Board of Directors of ~~MAS~~ Rural Housing and Mortgage Finance Limited in their meeting held on January 25, 2023 took on record the unaudited Financial Results of the company for quarter ended 31st December, 2022.

Performance Highlights

~~MAS~~ Rural Housing and Mortgage Finance Limited reports Assets under Management (AUM) of ₹ 400.84 Crore and profit after tax of ₹ 1.59 Crore for the quarter ended 31st December 2022 from ₹ 306.92 Crore and ₹ 1.04 Crore respectively for quarter ended 31st December 2021.

- A growth of **30.60%** in AUM and **52.75%** in PAT over the corresponding period of the previous year.
- Capital Adequacy Ratio (including Tier II capital) as of 31st December 2022 stood at **42.46%**. The Tier-I capital stood at **31.02%**.




- The portfolio quality remained stable and strong despite of the prolonged ongoing crisis followed by the unprecedented pandemic situation at **0.62%** gross stage 3 assets and **0.47%** net stage 3 assets of AUM as compared to **0.59%** gross stage 3 assets and **0.42%** net stage 3 assets of AUM as on 30th September 2022.
- The company continues to carry buffer provision (COVID provision) as on 31st December 2022 of **0.93%** of the total on book assets.

(₹ in CR)

Particulars	Q3'23	Q3'22	QoQ	9M'23	9M'22	9Mo9M	FY 22
Assets Under Management	400.84	306.92	30.60%↑	400.84	306.92	30.60%↑	316.34
Total Income	11.11	8.86	25.38%↑	30.50	26.97	13.09%↑	35.83
Profit Before Tax	2.00	1.33	50.76%↑	5.55	4.28	29.57%↑	5.78
Profit After Tax	1.59	1.04	52.75%↑	4.34	3.34	29.69%↑	4.56

Commenting on the performance, Mr. Kamlesh Gandhi - Founder, Chairman & Managing Director, MAS Financial said,

"We have over two & half decade demonstrated that "CONSISTENTLY AND STEADILY IS THE FASTEST WAY TO REACH WHERE YOU WANT TO". In consonance with our mission and vision to constantly endeavor to create value for stakeholders on a very large scale through efficient last mile delivery of credit, the main focus of the company continues to remain on maintaining strong capital base, adequate liquidity and quality of assets."

The working of this quarter very aptly demonstrated our conviction to grow at a consistent CAGR of 20-25% based on the strong enablers' namely high capital adequacy, excellent asset quality accompanied by strong liability management and the niche expertise to serve the huge MSME market.

Team MAS remains committed to its mission of excellence through endeavours.

For and on behalf of the Board of Directors



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

Place : Ahmedabad
 Date : February 01, 2023



The Power of Distribution

27TH ANNUAL REPORT
2021-22

1995

2022

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

What's Inside

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www.mas.co.in

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

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

EFFICIENT.

**AS AN EFFICIENT
DISTRIBUTOR OF
FINANCIAL SERVICES,
ECONOMICAL.**

**WE ENSURE THAT OUR
CUSTOMERS GET FUNDS AT
AFFORDABLE RATES,
EMPOWER.**

**AND EMPOWERED OUR
CUSTOMERS WITH
AFFORDABLE CREDIT.**

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

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



**SO, NATURALLY,
EVERY TIME WE
REACH A MILESTONE,
WE BELIEVE WE HAVE
JUST BEGUN!**

Founder and CMD's Message

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



Dear Shareholders,

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

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

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

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

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

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

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

We also believe that the SME and Housing finance sectors offers huge potential and we plan to maintain adequate focus on these as they are expected to be our key growth drivers. Our distribution network, within our current states in operation,

will be strengthened and we will endeavour to provide one of the most efficient financial services, which we term as the Power of Distribution. We will also explore the potentiality of entering into new geographies. Our distribution through various NBFCs, which has exhibited an immaculate track record over a long period of more than 10 years, also plays an important part in serving the underserved efficiently. However, swift expansion of our own distribution network will result in a progressively larger percentage of business being sourced and serviced through our own network.

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

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

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

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

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



Kamlesh C. Gandhi
Chairman and Managing Director

Corporate Snapshot

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

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

We have devised alternative means to assess the credibility of our customers, who typically may lack a formal financial sector credit history and adequate paperwork to prove their eligibility. This enables us to gauge the repayment

ability of our target borrowers and issues credit to a wider spectrum of target borrowers, without compromising our Return on Capital Employed (RoCE). To ensure an additional layer of security, our people analyse the creditworthiness of our borrowers by engaging with them on a regular basis.

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

BOUQUET OF PRODUCTS



Micro Enterprise Loan

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



Small & Medium Enterprises (SME) Loan

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



Two-Wheeler Loan

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



Commercial Vehicle

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



Home Loan

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



VISION

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



MISSION

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



BELIEFS

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

"Together we can and we will"

JOURNEY THIS FAR

1995

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

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

2006

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

2011

Listed NCDs on Bombay Stock Exchange

2012

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

2014

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

2016

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

2015

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

2013

Disbursement & AUM crossed ₹ 10 Bn.

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

2017

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

2020

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

2019

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

2021

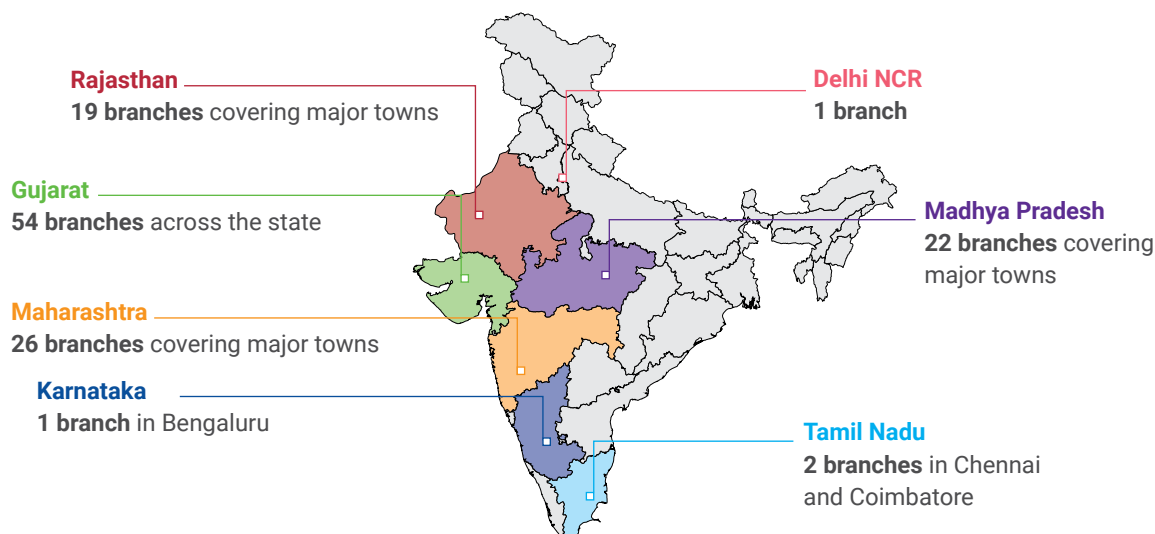
- Inclusive Finance India Award 2020 – NBFC lending to Micro and Small Enterprises
- Raised ₹ 650 Mn. via market-linked NCDs (MLD)

2022

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

PAN-INDIA FOOTPRINT

Strong Retail Presence & Distribution Network



Map not to scale. For illustrative purpose only.

STRATEGIC ADVANTAGES



Vast market opportunity

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



Wide and deep pan-India reach

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



Robust Liability Management and Asset Creation

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



A broad spectrum of loan products

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



People-centric approach

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



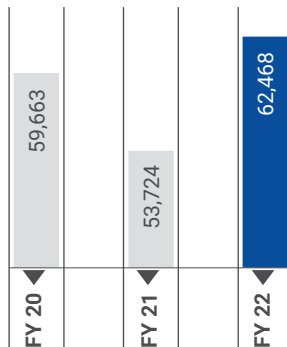
Local partnerships

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

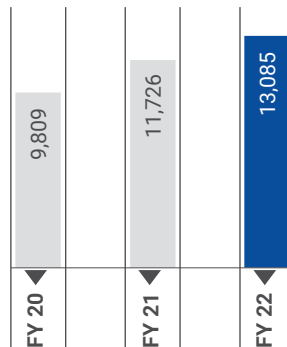
Financial Performance Summary

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

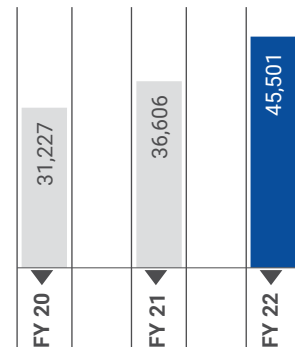
Assets Under Management (In ₹ Mn.)



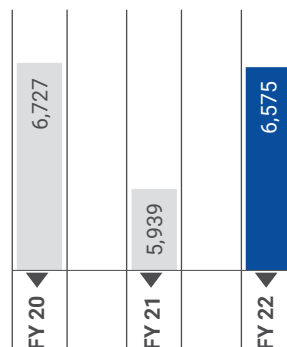
Net Worth (In ₹ Mn.)



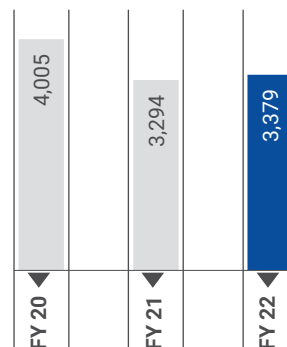
Borrowings (In ₹ Mn.)



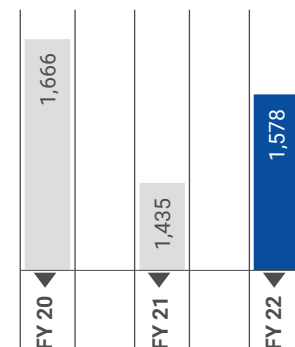
Revenue (In ₹ Mn.)



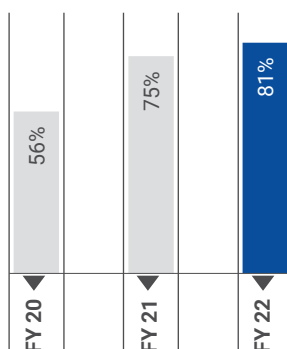
Net Interest Income (In ₹ Mn.)



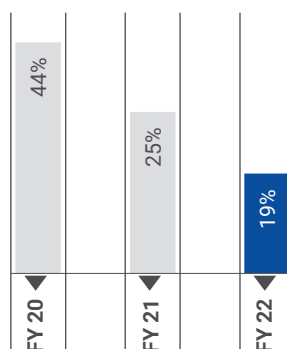
Profit After Tax (In ₹ Mn.)



On Book AUM (%)



Off Book AUM (%)



Facilitators of Robust Growth in the New Normal

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

LEVERAGING TECHNOLOGY ACROSS THE SPECTRUM TO HARNESS EFFICIENCY

ORIGINATION

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

DECISIONING

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

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

OPERATIONS

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

DISBURSEMENT & COLLECTION

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

Celebrating 25 years of MAA



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



Corporate Social Responsibility

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



HAAS Arogya Abhiyan Donation at CIMS Hospital, Ahmedabad



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



HAAS Menstrual Hygiene Programme: Promoting Sanitation in Rural Areas



HAAS Menstrual Hygiene Programme: Promoting Sanitation in Rural Areas



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

Board of Directors



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

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



Mrs. Darshana S. Pandya
Director & CEO

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



Mr. Balabhaskaran N. Nair
Independent Director

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



Mr. Chetan R. Shah
Independent Director

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



Mr. Umesh R. Shah
Independent Director

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



Mrs. Daksha Niranjana Shah
Independent Director

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

Corporate Information

CORPORATE IDENTIFICATION NO.:

L65910GJ1995PLC026064

REGISTERED OFFICE ADDRESS :

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

LISTED ON STOCK EXCHANGE:

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

BOARD OF DIRECTORS:

Mr. Kamlesh C. Gandhi

(Chairman & Managing Director) (DIN: 00044852)

Mrs. Darshana S. Pandya

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

Mr. Balabhaskaran Narayanan Nair

(Non-Executive Independent Director) (DIN: 00393346)

Mr. Chetan Ramniklal Shah

(Non-Executive Independent Director) (DIN: 02213542)

Mr. Umesh Rajanikant Shah

(Non-Executive Independent Director) (DIN: 07685672)

Mrs. Daksha Niranjana Shah

(Non-Executive Independent Director) (DIN: 00376899)

CHIEF FINANCIAL OFFICER:

Mr. Ankit Jain

COMPANY SECRETARY & COMPLIANCE OFFICER:

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

STATUTORY AUDITORS:

M/s. Mukesh M. Shah & Co.

Chartered Accountants

Firm's Registration No. 106625W

REGISTRAR & SHARE TRANSFER AGENT:

Link Intime India Private Limited

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

DEBENTURE TRUSTEE:

CATALYST TRUSTEESHIP LTD.

GDA House, Plot No. 85, Bhusari Colony,

Paud Road, Pune - 411 038

Contact No.: 022-49220555

Email ID: ComplianceCTL-Mumbai@ctltrustee.com

AUDIT COMMITTEE MEMBERS:

Mr. Balabhaskaran Narayanan Nair (Chairman)

Mrs. Darshana Pandya (Member)

Mr. Chetan Ramniklal Shah (Member)

Mr. Umesh Rajanikant Shah (Member)

STAKEHOLDERS RELATIONSHIP COMMITTEE

MEMBERS:

Mr. Balabhaskaran Narayanan Nair (Chairman)

Mrs. Darshana Pandya (Member)

Mr. Chetan Ramniklal Shah (Member)

NOMINATION & REMUNERATION COMMITTEE

MEMBERS:

Mr. Balabhaskaran Narayanan Nair (Chairman)

Mr. Chetan Ramniklal Shah (Member)

Mr. Umesh Rajanikant Shah (Member)

CSR COMMITTEE MEMBERS:

Mr. Umesh Rajanikant Shah (Chairman)

Mrs. Darshana S. Pandya (Member)

Mr. Balabhaskaran Narayanan Nair (Member)

RISK MANAGEMENT COMMITTEE MEMBERS:

Mr. Chetan Ramniklal Shah (Chairman)

Mrs. Darshana Pandya (Member)

Mr. Umesh Rajanikant Shah (Member)

LIST OF BANKING RELATIONSHIPS & SUBSCRIBERS TO DEBT ISSUES

Axis Bank Limited
Bajaj Finance Limited
Bandhan Bank Limited
Bank of Baroda
Bank of India
Bank of Maharashtra
Baroda Gujarat Gramin Bank
Canara Bank
Central Bank of India
DBS Bank India Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
IDFC First Bank Limited
Indian Bank
Indian Overseas Bank
IndusInd Bank Limited
Jana Small Finance Bank Limited
Karnataka Bank Limited
Kotak Mahindra Bank Limited
National Bank for Agriculture and Rural Development
Poonawalla Fincorp Limited
Punjab National Bank

SBM Bank (India) Ltd
Shinhan Bank
Small Industries Development Bank of India
State Bank of India
Sundaram Finance Limited
Tamilnad Mercantile Bank Limited
The Federal Bank Limited
The South Indian Bank Limited
Union Bank of India

Notice

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

ORDINARY BUSINESS:

1. To receive, consider and adopt audited Standalone and Consolidated Financial Statements of the Company for the financial year ended on March 31, 2022 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare Final Dividend of ₹ 1.75/- per Equity Share of ₹ 10/- each for the financial year ended on March 31, 2022.
3. To appoint a Director in place of Mrs. Darshana Pandya (DIN: 07610402), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

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

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

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

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

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

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

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

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

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

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

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

"RESOLVED THAT in supersession of the earlier resolution passed at the 25th Annual General Meeting

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

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

Regd. Office:

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

By order of the Board

Riddhi Bhayani

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

Place : Ahmedabad
Date : July 06, 2022

NOTES:

1. The Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated May 05, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 19/2021 dated December 08, 2021, Circular No. 21/2021 dated December 14, 2021, and General Circular No.2/2022 dated May 05, 2022 (“MCA Circulars”) and other applicable circulars issued by the Securities and Exchange Board of India (SEBI) including Circular No. SEBI/HO/DDHS/DDHS_Div2/P/CIR/2022/079 dated June 03, 2022, has permitted the Companies to conduct the Annual General Meeting (‘AGM’) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2022. In accordance with the said circulars of MCA, SEBI and applicable provisions of the Companies Act, 2013 (the ‘Act’) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the ‘SEBI Listing Regulations’), the 27th AGM of the Company shall be conducted through VC/OAVM (hereinafter called ‘AGM’). Central Depository Services (India) Limited (“CDSL”) will be providing facility for voting through remote e-voting, participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at Note below and is also available on the website of the Company at www.mas.co.in.
2. In terms of sections 101 and 136 of the Act, read with the rules made thereunder, the listed companies may send the notice of AGM and the annual report, including financial statements, boards’ report, etc. by electronic mode. Pursuant to the said provisions of the Act read with MCA Circulars and SEBI Circular dated May 13, 2022, Notice of 27th AGM along with the Annual Report for FY2022 is being sent only through electronic mode to those members whose email addresses are registered with the Company/depositories. Members may note that the Notice of the 27th AGM and Annual Report for FY2022 will also be available on the Company’s website at www.mas.co.in, website of the stock exchanges i.e., BSE Ltd. (‘BSE’) at www.bseindia.com and National Stock Exchange of India Ltd. (‘NSE’) at www.nseindia.com and on the website of CDSL at www.evotingindia.com. In this notice, the term member(s) or shareholder(s) are used interchangeably.
3. The deemed venue for 27th AGM shall be the Registered Office of the Company at 6, Ground Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009.
4. In terms of Section 152 of the Companies Act, 2013, Mrs. Darshana Pandya, (DIN: 07610402), Director and Chief Executive Officer of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI

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

5. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from August 18, 2022 to August 24, 2022 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend.
6. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
7. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders with effect from April 01, 2020. Accordingly, the Company is required to deduct tax at source from dividend subject to the approval of payment of dividend to shareholders. For the prescribed rates for various categories, shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.
8. To support the 'Green Initiative', the Company requests those Members who have not yet registered their e-mail address, to register the same directly with their DP, in case shares are held in electronic form and to the Company, in case shares are held in physical form. Further, members holding shares in electronic form are requested to notify the changes in the above particulars, if any, directly to their Depository Participants (DP).
9. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to ravi@ravics.com with a copy marked to riddhi_bhayani@mas.co.in
10. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and pursuant to above mentioned MCA Circulars the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
11. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
12. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
13. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020 and May 05, 2022, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
14. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before August 16, 2022 (upto 05:00 P.M.) through email on riddhi_bhayani@mas.co.in. The same will be replied by the Company suitably.
15. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode.
16. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

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

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

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

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

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

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

by the public non-institutional shareholders/retail shareholders is at a negligible level.

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

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

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

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

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

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

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

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

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

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

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

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

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on "Shareholders" module.

- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physical Form

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

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN: 220727017 for the **HFS** Financial Services Limited on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
 - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

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

- The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
- 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.
- 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.
- Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 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.
- Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at riddhi_bhayani@mas.co.in. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at riddhi_bhayani@mas.co.in (company email id). These queries will be replied to by the company suitably by email.
- Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

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

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

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

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

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

Other Instructions:

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

ANNEXURE TO THE NOTICE

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

As required under Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 4 to 6 of the Notice.

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

Mr. Umesh Shah (DIN: 07685672), aged 66 years, is an Independent Director of our Company. He is a qualified Chartered Accountant. He has more than three decades of experience in the diverse fields connected with Finance, Accounting, Auditing and Taxation. He also has 5 years hands-on experience of working in an NBFC. Considering his vast experience the Board felt that the service of Mr. Umesh Shah will be benefited for the growth of Company.

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

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

Except Mr. Umesh Shah (DIN: 07685672) is deemed to be interested in this resolution. None of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives is in any way concerned or interested in the proposed resolution.

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

Item No.: 5 & 6

In terms of the provisions of Section 180 (1) (a) and 180 (1) (c) of the Companies Act, 2013 read with applicable rules framed thereunder, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, dispose of its property (including creation of charge on assets of the Company) and borrow moneys, apart from temporary loans obtained from the Company's bankers in the

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

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

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

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

ANNEXURE TO THE EXPLANATORY STATEMENT

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

Particulars	Retire by Rotation
Name of the Director	Mrs. Darshana S Pandya
DIN	07610402
Date of birth	November 17, 1972
Age	49 Years
Qualification	She holds Bachelor's degrees in Commerce from Gujarat University.
Experience (including expertise in specific functional area) / Brief Resume	She is having vast experience in Finance sector for past 24 years. She joined the company in the year 1996 as a Junior Executive and she is now appointed as a Whole-time Director & CEO of the Company. She is responsible for leading the operations at HAAS and also the relationship of the company with its more than 100 NBFC-MFI & NBFC Partners.
Nature of her expertise in specific functional areas	Management & Finance
Terms and Conditions of Re-appointment	N.A.
Remuneration last drawn	₹ 44.06 Lakh (F.Y. 2021-22)
Designation	Whole-time Director and CEO
Remuneration proposed to be paid	As per existing terms and conditions
Date of first appointment on the Board	September 23, 2016
Shareholding in the company	15,434 (0.02%) Equity Shares as on March 31, 2022.
Relationship with other Directors/Manager and other Key Managerial Personnel of the company	NA
Number of Meetings of the Board attended during the year 2021-22	5 (Five)
Names of listed entities in which the person also holds the Directorships	1 (i.e. HAAS Financial Services Limited)
Names of listed entities in which the person also holds Membership of Committees of Board.*	1. Member of Audit Committee (HAAS Financial Services Limited); 2. Member of Stakeholders' Relationship Committee (HAAS Financial Services Limited).
Chairman / Director of other Company	1. HAAS Rural Housing & Mortgage Finance Limited (Director); 2. Prarthna Marketing Private Limited (Director); 3. Swalamb Mass Financial Services Limited (Director)
Names of companies along with listed entities in which person has resigned in the past three years.	Not Applicable

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

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

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

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

Regd. Office:

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

By order of the Board

Riddhi Bhayani

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

Place : Ahmedabad

Date : July 06, 2022

Contact Details:

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

Directors' Report

To,
The Members,
AA\$ FINANCIAL SERVICES LIMITED
Ahmedabad

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

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

FINANCIAL RESULTS:

(Amount in ₹ Lakhs)

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

COVID-19

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

The Company has continued to operate and provide services to its customers, which had been declared as an essential service, without any significant disruptions during COVID-19 crisis. However, disruptions to businesses worldwide and economic slowdown may have its eventual impact on the Company. The Company has evaluated its liquidity position and of recoverability and carrying values of its assets and accordingly, at present the management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due. At AA\$, The well-being of our employees and

their family members is one of our foremost priorities. We restructured our standard operating procedures and set strict protocols for the safeguard the health of our employees and their families. We also took special care to ensure that there is minimum disruption of services to all our customers and business associates. So far, the pandemic has not caused any significant business disruptions this year.

BUSINESS PERFORMANCE:

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

PROSPECTS AND DEVELOPMENTS:

There is a very huge market to be served, which needs an efficient last mile delivery of credit, thus creating enormous opportunity for all the financial institutions and NBFCs in special. The Company continues to pursue the strategy of being multi product and multi locational, thus giving the distinct edge from the risk management and scalability perspective. The focus across the product is of catering to the lower and the middle income segment, which is the key driver of our economy.

SMALL AND MEDIUM ENTERPRISE LOAN:

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

TWO WHEELER AND COMMERCIAL VEHICLE FINANCING:

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

HOUSING FINANCE:

MRHMFL (HFS Rural Housing & Mortgage Finance Ltd. – subsidiary of MFSL) aims at serving the middle income and

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

The Company has 69 branches Pan India as on March 31, 2022. It is worth mentioning that despite of credit worthy customer class, ascertaining the title of the property remains a challenging job. The Company is actively involved with all the stakeholders to smoothen the process and is assertive in getting the right set of documents.

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

DISTRIBUTION NETWORK:

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

PARTNERING WITH REGIONAL NBFCs AND NBFC-MFIs:

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

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

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

are keen to leverage the relationships for mutual benefits. Currently we have very strong relationships with more than 100 such organizations.

RESOURCES:

HUMAN RESOURCE MANAGEMENT AT H&S:

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

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

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

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

The Company has a diverse workforce of 946 employees as on March 31, 2022. Going forward, the Company will continue to focus on nurturing the right talent to achieve the business goal.

Attracting, enabling, promoting and retaining talent have been the keystone of Human Resource functions at H&S. We trust with all the above qualities accompanied by the determination to excel, this team forms a formidable second line of management at H&S.

Your Company will always strive to strengthen this most important resource in its quest to have enabling human capital.

CAPITAL AND LIABILITY MANAGEMENT:

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

The respect accorded to the Company by the investors and lenders across all the categories was a humbling experience. The Company in tandem with its philosophy of pursuing the mission of "Excellence through Endeavours" will strive to maximize the shareholders' value.

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

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

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

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

CAPITAL ADEQUACY RATIO

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

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

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

BOARD MEETINGS HELD DURING THE YEAR:

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

Sr. No.	Date on which Board Meetings were held	Total Strength of the Board	No. of Directors Present
1	19.05.2021	6	6
2	22.07.2021	6	6
3	11.08.2021	6	6
4	27.10.2021	6	6
5	02.02.2022	6	6

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- 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;
- 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;
- they had prepared annual accounts on a going concern basis;
- they had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively;
- They had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were in place were adequate and operating effectively.

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

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors

and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished as attached to this report. "Annexure – A". The weblink for the same is www.mas.co.in.

AUDITORS:

Statutory Auditors:

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

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

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

Secretarial Auditors:

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

SECRETARIAL AUDIT REPORT:

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

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

(i) By the Statutory Auditors in his report;

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

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

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

FRAUDS REPORTED BY THE AUDITOR

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

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

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

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

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

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

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

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

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

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

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

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

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

During the year under review ₹ 31.56 crore transferred to statutory reserve under Section 45 IC of RBI Act, 1934.

DIVIDEND:

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

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

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY:

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

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

Conservation of Energy and Technology Absorption:

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

Foreign Exchange earnings and outgo

The Company has no Foreign Exchange earnings and outgo.

RISK MANAGEMENT

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

Your Company continues to give prime importance to the function of receivables management, as it considers this the ultimate reflection of the correctness of marketing strategy as well as appraisal techniques. The Net stage 3 of the Company is 1.70% of Asset under Management as on March 31, 2022.

Pursuant to Regulation 21(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the regulations of Risk management committee is applicable to top 1000 listed entities determined on the basis of market capitalization, as at the end of the immediate previous financial year. The Board of Directors has thus adopted a risk management policy for the Company which provides identification, assessment and control of risks which in the opinion of the Board may threaten the existence of the Company. The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy. The web-link for the same is <https://mas.co.in/policy.aspx>

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

Corporate Social Responsibility (CSR):

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

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

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

taken on priority bases wherein the Company supported these schools by providing basic infrastructure i.e. fans, lights, benches in classrooms, Computers and more importantly construction of sheds in school premises to protect students from heat related illness. The ideology behind the “**MAS Shiksha Protsahan**” lies in the very essence of transforming lives through continuous generation of knowledge and empowerment. Therefore, Company has earmarked funds in line with its Policy as well as prescribed CSR Guidelines.

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

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

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

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

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

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

- (a) Performance of the directors; and
- (b) Fulfillment of the independence criteria as specified in the regulations and their independence from the management.

Criteria adopted for evaluation:

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

- (i) Performance review of all the Non-Independent Directors of the company on the basis of the activities undertaken by them, expectation of board and level of participation;
- (ii) Performance review of the Chairman of the Company in terms of level of competence of chairman in steering the company;
- (iii) The review and assessment of the flow of information by the Company to the board and manner in which the deliberations take place, the manner of placing the agenda and the contents therein;
- (iv) The review of the performance of the directors individually, its own performance as well as evaluation of working of its committees shall be carried out by the board;
- (v) On the basis of performance evaluation, it shall be determined by the Nomination and Remuneration Committee and the Board whether to extend or continue the term of appointment of ID subject to all other applicable compliances.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

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

PARTICULARS OF EMPLOYEES:

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

THE CHANGE IN NATURE OF BUSINESS:

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

PUBLIC DEPOSITS:

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

CAPITAL STRUCTURE:

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

DEBENTURES:

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

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

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

1. 200 Rated, Listed, Unsecured Redeemable Nonconvertible Debentures ("NCDs") of face value of ₹ 10,00,000/- (Rupees Ten Lakhs Only) each aggregating to ₹ 20,00,00,000/- (Rupees Twenty Crores) bearing ISIN **INE348L08025** at the rate of 13.50% p.a. were redeemed on September 18, 2021.
2. 1000 Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-convertible Debentures ("NCDs") of face value of ₹ 10,00,000/- (Rupees Ten Lakhs Only) each aggregating to ₹ 100,00,00,000/- (Rupees One Hundred Crores) bearing ISIN **INE348L07043** at the rate of 9.00% p.a redeemed on January 24, 2022.
3. 1000 Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-convertible Debentures ("NCDs") of face value of ₹ 10,00,000/- (Rupees Ten Lakhs Only) each aggregating to ₹ 100,00,00,000/- (Rupees One Hundred Crores) bearing ISIN **INE348L07068** at the rate of 9.00% p.a. redeemed on February 19, 2022.
4. 500 Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-convertible Debentures ("NCDs") of face

value of ₹ 10,00,000/- (Rupees Ten Lakhs Only) each aggregating to ₹ 50,00,00,000/- (Rupees Fifty Crores) bearing ISIN **INE348L07050** at the rate of 9.00% p.a. redeemed on January 30, 2022.

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

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

1. 10,000 Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures ("NCDs") of face value of ₹ 1,00,000/- (Rupees One Lakh Only) each aggregating to ₹ 100,00,00,000/- (Rupees One Hundred Crores) bearing ISIN **INE348L07084** at the rate of (a) 8.50% (Eight Decimal Five Zero Percent) (XIRR), if the Reference Index Performance is greater than 75% (Seventy Five Percent); and/or (b) 8.45% (Eight Decimal Four Five Percent) (XIRR), if the Reference Index Performance is equal to or lesser than 75% (Seventy Five Percent) but greater than 25% (Twenty Five Percent); and/or (c) 0% (Zero Percent) (XIRR), if the Reference Index Performance is lesser than or equal to 25% (Twenty Five Percent) were issued on June 23, 2021.
2. 1000 (One Thousand) Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures denominated in Indian Rupees, each having a face value of ₹ 10,00,000 (Indian Rupees Ten Lakh only) aggregating to ₹ 100,00,00,000 (Indian Rupees One Hundred Crore only) inclusive of a green shoe option of up to ₹ 50,00,00,000 (Indian Rupees Fifty Crore only) comprising of 500 (Five Hundred) Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Non - convertible Debentures denominated in Indian Rupees and on a private placement basis bearing ISIN **INE348L07092** at the rate of (a) 8.50% (Eight Decimal Five Zero Percent) (XIRR), if Reference Index Performance is greater than 75% (Seventy Five Percent); and/or (b) 8.45% (Eight Decimal Four Five Percent) (XIRR), if the Reference Index Performance is equal to or lesser than 75% (Seventy Five Percent) but greater than 25% (Twenty Five Percent); and/or 0% (Zero Percent) (XIRR), if the Reference Index Performance is lesser than or equal to 25% (Twenty Five Percent) were issued on September 17, 2021.
3. 50 (Fifty) unsecured, rated, listed, redeemable, subordinated, taxable, transferable, non-convertible debentures denominated in Indian Rupees ("INR"), each having a face value of ₹ 1,00,00,000 (Indian Rupees One Crore) aggregating to ₹ 50,00,00,000 (Indian Rupees Fifty

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

4. 1000 Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures Denominated in Indian Rupees ("INR"), each having a face value of ₹ 10,00,000/- aggregating to ₹ 100 Crore ("Debentures" or "NCDs") inclusive of a Green shoe option of up to ₹ 50 Crore comprising of 500 Rated, Senior, Secured, Listed, Transferable, Redeemable, Principal Protected Market Linked Non-Convertible Debentures Denominated in Indian Rupees ("INR") (The "Issue"). each aggregating to ₹ 100,00,00,000/- (Rupees One hundred Crores) bearing ISIN **INE348L07100** at the rate of (a) 8.50% (Eight Decimal Five Zero Percent) (XIRR), if Reference Index Performance is greater than 75% (Seventy Five Percent); and/or (b) 8.45% (Eight Decimal Four Five Percent) (XIRR), if the Reference Index Performance is equal to or lesser than 75% (Seventy Five Percent) but greater than 25% (Twenty Five Percent); and/or 0% (Zero Percent) (XIRR), if the Reference Index Performance is lesser than or equal to 25% (Twenty Five Percent) were issued on November 25, 2021.
5. 500 (five hundred) unlisted, subordinated, unsecured, redeemable, non-convertible debentures, having a face value of ₹ 10,00,000 (Indian Rupees Ten Lakh) each and an aggregate face value of ₹ 50,00,00,000 (Indian Rupees Fifty Crore) bearing ISIN **INE348L08058** at the rate of 10.75% (Ten decimal seven five Percentage) p.a. were issued on December 29, 2021.

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

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

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

STATUTORY COMPLIANCE:

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

COMPLIANCE WITH SECRETARIAL STANDARDS:

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

MATERIAL ORDER PASSED BY REGULATORS / COURTS / TRIBUNALS:

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

ADEQUACY OF INTERNAL FINANCIAL CONTROL

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

INSURANCE:

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

Pursuant to the provisions of Section 152 (6) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) Mrs. Darshana Pandya, (DIN: 07610402) Director and Chief Executive Officer of the Company is liable to retire by rotation at the ensuing AGM and being eligible to offers herself for reappointment.

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

Pursuant to the provisions of Sections 149 and 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Umesh Shah (DIN: 07685672) who is eligible for reappointment to hold office for second term of five consecutive years effective from December 21, 2021 and whose office shall not be liable to retire by rotation, offers himself to be re-appointed as an Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Your directors commend their appointment.

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

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

Details of managerial remuneration as required under Section 197(12) and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other prescribed details are given as per 'Annexure - G' to this report.

REPORTS ON MANAGEMENT DISCUSSION ANALYSIS AND CORPORATE GOVERNANCE:

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

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

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

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

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

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:

The Audit Committee consists of the following members:

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

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

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

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

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

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

DISCLOSURES PURSUANT TO RBI MASTER DIRECTION:

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

BUSINESS RESPONSIBILITY REPORT:

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

CREDIT RATING:

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

DISCLOSURE FOR MAINTENANCE OF COST RECORDS:

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

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

During the year under review, the Company has not made any application before the National Company Law Tribunal

under Insolvency and Bankruptcy Code, 2016 for recovery of outstanding loans against customer and there is no pending proceeding against the Company under Insolvency and Bankruptcy Code, 2016.

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

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

ACKNOWLEDGEMENT

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

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

The Board of Directors would like to place on record their gratitude for the guidance and co-operation extended by Reserve Bank of India and the other regulatory authorities and to all those people, who have so willingly placed their trust in the Company & the Management and to more than one million customers across all area under our operations, who have given the Company an opportunity to serve them.

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

Best Wishes,

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

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

Darshana Pandya
Director & CEO
(DIN: 07610402)

Place : Ahmedabad
Date : July 6, 2022

Annexure - A

REMUNERATION POLICY

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

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

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

1. REMUNERATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

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

2. REMUNERATION OF EXECUTIVE DIRECTOR

The payment of managerial remuneration to Executive Directors, Key Managerial Personnel and Senior Management Team will be reviewed and recommended by Nomination and Remuneration Committee which will be approved by Board of Directors and/or shareholders as per applicable provisions of Companies Act, 2013 and Listing Regulations. Further remuneration of Other Employees shall be decided/ recommended and approved by the management/ Executive Directors based on company's HR Policy.

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

- The Remuneration and terms of employments shall be fixed/ recommended in such a manner that the structure is clear and meets appropriate performance benchmarks.
- The Remuneration involve a good balance between fixed and incentive pay reflecting short and long term performance objective appropriate to the working of the Company and its goals.
- The remuneration will be in correlation of company's HR Policy.
- No directors or Key Managerial Personnel should be directly involved in determining their own remuneration or their performance evaluation.
- The 'fit and proper' status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management.
- That the compensation levels are supported by the need to retain earnings of the company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP).

3. CRITERIA FOR IDENTIFICATION OF PERSONS FOR APPOINTMENT AS DIRECTORS AND IN SENIOR MANAGEMENT:

Pursuant to provisions of section 178(3) of the Act read with Regulation 19 of the Listing Regulations, the Nomination and Remuneration Committee is required to formulate the criteria for determining qualification, positive attributes and independence of a Director and senior management and for appointment of independent director the committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The criteria adopted by the Nomination and Remuneration Committee for the aforesaid purpose is as under:

Qualification:

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

Criteria for appointing a Director:

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

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

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

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

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

Annexure - B

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

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

To,
The Members
H.A.S. Financial Services Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **H.A.S. Financial Services Limited** (herein after referred to as "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the statutory compliances and expressing our opinion thereon.

We have verified the soft copies of records maintained by the Company. Based on our online verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **H.A.S. Financial Services Limited** ("the Company") for the financial year ended on 31st March, 2022 and verified the provisions of the following acts, regulations and also their applicability as far as the Company is concerned during the period under Audit:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (vi) Reserve Bank of India Act, 1934

We have also examined compliance with applicable clauses of the following

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

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

We further report that:

- i) The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. During the year no changes took place in the composition of the Board of Directors and the same is in compliance with the provisions of the Act.
- ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii) All decisions at Board Meetings & Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the Committees of the Board, as the case may be.

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

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

For **Ravi Kapoor & Associates**

Ravi Kapoor

Company Secretary in practice

FCS No. 2587

C P No.: 2407

UDIN: F002587D000573707

Place: Ahmedabad

Date: July 06, 2022

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

ANNEXURE A

To,
The Members
HAS Financial Services Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Ravi Kapoor & Associates**

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

Place: Ahmedabad
Date: July 06, 2022

Annexure - C

FORM NO. AOC - 2

(PURSUANT TO CLAUSE (H) OF SUB-SECTION (3) OF SECTION 134 OF THE ACT AND RULE 8(2) OF THE COMPANIES (ACCOUNTS) RULES, 2014)

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

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

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

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

Sl No.	Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
1.	~~HAAS~~ Rural Housing & Mortgage finance Limited	Rendering of Services (Agreement for Amenities)	One year	MFSL agrees to provide MRHMFL within the premises the amenities, services, facilities-Usage of commercial premises of MFSL, furnitures & fixtures including computers, telephone lines, networks, use of water and water supply, and other necessary amenities for carrying on business activities smoothly.	MRHMFL is in requirement of the premises, assets and infrastructure which is available with MFSL. So, to fully utilise the premises, MRHMFL has requested MFSL to provide several amenities, services, facilities-Usage of commercial premises for carrying on business smoothly.	19.05.2021	No such amount was paid as advances.	N.A.
2.	~~HAAS~~ Rural Housing & Mortgage finance Limited	Recovery Agreement	Two years	MFSL agrees to collect outstanding instalments and other dues from its customers and agrees to provide the said service under the terms and conditions as set forth in Agreement with MRHMFL.	MRHMFL being a subsidiary company carrying out business of Housing Finance is in requirement of recovery services for collecting there outstanding dues.	03.06.2020	No such amount was paid as advances.	N.A.

Sl No.	Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
3.	HFS Rural Housing & Mortgage finance Limited	Cross Charge Agreement	One year	MFSL agrees to provide several intellectual services to HFS 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 MFSL, in requirement of carrying out its operations requested for entering into cross charge agreement with MFSL.	19.05.2021	No such amount was paid as advances.	N.A.
4.	HFS Rural Housing & Mortgage finance Limited	Servicer Agreement	One year	MFSL has appointed MRHMFL as a servicer to collect and receive payments in respect of the Receivables and the Assigned Assets, and to provide certain other services.	MFSL is in requirement of a Service Provider who can collect and receive payments in respect of the Receivables on behalf of the Company	02.02.2022	No such amount was paid as advances.	N.A.

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

Place : Ahmedabad
Date : July 06, 2022

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

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

Annexure - D

DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND

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

2. CLASSES OF SHARES

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

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

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

- Cost of raising funds from alternative sources.
- Whenever the Company has incurred losses or there is inadequacy of profits.

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

4. FINANCIAL PARAMETERS

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

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

- Distributable surplus available as per the Act, Rules and Regulations;
- The Company's liquidity position and future cash flow needs;
- Trend of dividends paid in the past years by the Company;
- Payout ratios of comparable companies;
- Industry outlook and stage of business cycle for underlying businesses
- Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution
- Loan repayment and working capital requirements;
- Financial commitments with respect to the outstanding borrowings and interest thereon.
- Other Corporate Action options (For ex. Bonus issue, Buy back of shares).
- Cost and availability of alternative sources of financing;

- Capital expenditure requirements considering the expansion and acquisition opportunities;
- Any windfall, extra-ordinary or abnormal gains made by the Company;
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend

6. UTILIZATION OF RETAINED EARNINGS

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

7. REVIEW

The Board is authorized to review/amend this policy from time to time at its sole discretion and/or subject to revision/amendment in accordance with the guidelines

as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time.

8. DISCLOSURES

The Dividend Distribution Policy (as amended from time to time) will be available on the website of the Company (www.mas.co.in) and web-link shall also be provided in the Company's Annual Report of the Company as required by the Regulations in force from time to time.

9. REPORTS

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

Details of dividend declared during the financial year

Name of the NBFC _____

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

* quarter or half year or year ended _____ as the case may be

Annexure - E

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

1. Brief outline on the CSR Policy of the Company:

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

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

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

2. Composition of CSR Committee:

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

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

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

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

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

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

CSR Projects' : www.mas.co.in

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Date of creation or acquisition of capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

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

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

The ideology behind the CSR Project of the Company lies in the very essence of well-being of the lives. Therefore, Company has earmarked funds in line with its Policy and the CSR Project as well as prescribed its CSR Expenditure. The Company is trying to help as many people as it can across the state with its various social initiatives since many years. It is the Company's continuous endeavour 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 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.

Date : July 06, 2022
Place : Ahmedabad

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

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

Annexure - F

FORM AOC-1

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

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

Part "A": Subsidiaries

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

Sl. No.	Particulars	Details
1.	Name of the subsidiary	HAS RURAL HOUSING & MORTGAGE FINANCE LIMITED
2.	The date since when subsidiary was acquired	10/10/2007
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Financial Year 2021-2022 (01.04.2021 to 31.03.2022)
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
5.	Share capital	Authorised: ₹ 45,00,00,000/- Paid up : ₹ 41,22,64,040/-
6.	Other Equity	₹ 40,19,42,383/-
7.	Total assets	₹ 2,89,98,62,137/-
8.	Total Liabilities	₹ 2,28,56,55,714/-
9.	Investments	Nil
10.	Turnover	₹ 35,82,99,658/-
11.	Profit before taxation	₹ 5,77,68,787/-
12.	Provision for taxation	₹ 1,21,20,057/-
13.	Profit after taxation	₹ 4,56,48,730/-
14.	Proposed Dividend	₹ 1,16,54,484/-
15.	% of shareholding	59.67%

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

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

Part "B": Associates and Joint Ventures

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

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

- Names of associates or joint ventures which are yet to commence operations: NIL
- 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
HAS FINANCIAL SERVICES LIMITED

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

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

Date : July 06, 2022
Place : Ahmedabad

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

Annexure - G

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

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

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

1. The ratio of remuneration of each director to the median remuneration of employees of the Company for the financial year 2021-22:

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

2. The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2021-22:

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

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

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

4. The number of permanent employees on the roll of the Company: 946 Employees

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: The Average salaries of the employees of the Company increased by 15.26% while the Managerial remuneration increased by 1608.94% in the current year. Annual increments, if any, are decided by the Nomination and Remuneration Committee within the salary scale approved by the members and are effective from April 1, of each year.

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

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

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

Sr. No.	Name of Employee	Designation	Remuneration (₹ in lakh)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Age	Last Employment	Number of equity shares of the Company held by employee	Relative of any Directors
1	Mr. Saumil Dipakbhai Pandya	President & Head Retail Assets	51.85	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/08/1996	50	--	14,251 shares (0.0261%)	Husband of Mrs. Darshana Pandya
2	Mr. Ankit T. Jain	Chief Financial Officer	31.05	On roll	M.B.A. Finance Has more than 1 decade of experience	01/04/2010	35	--	25 shares (Negligible Holding)	--
3	Mr. Dipak M. Dangar	COO - Retail Asset Channel	31.03	On roll	B.E. Chemical & MBA Finance Has more than 1 decade of experience	26/05/2008	39	--	4 shares (Negligible Holding)	--
4	Mr. Sunil Shah	Head Portfolio	28.61	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/07/1998	51	--	488 shares (0.0009%)	--
5	Mr. Gaurang Arvindbhai Kasudia	Head - MIS	28.49	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/08/1996	46	--	338 shares (0.0006%)	--
6	Mr. Nishant Jain	Chief Risk Officer	28.25	On roll	Chartered Accountant Has more than 9 years of experience	03/05/2018	34	Jain Sons Finlease Limited	-	--
7	Mr. Bhavesh D. Patel	Head - Accounts	27.75	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/04/2004	41	Nishu Accounts Consultancy	338 shares (0.0006%)	--
8	Mr. Dhvanil K. Gandhi	Business Development Manager	22.99	On roll	Bachelors in Business Administration Has more than 5 Year of experience	20/07/2011	29	--	34619 shares (0.0633%)	Son of Mr. Kamlesh Gandhi
9	Mr. Ravi Mukeshbhai Shah	Credit Incharge	22.34	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/12/1999	44	--	188 shares (0.0003%)	--
10	Mr. Rajen Shashikant Shah	Project In-Charge	20.76	On roll	MCA, B.Sc. Has more than 2 decades of experience	01/09/2003	48	Akar Laminators Limited	120 shares (0.0002%)	--

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

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

FOR, **AAS FINANCIAL SERVICES LIMITED**

Kamlesh C. Gandhi

Chairman & Managing Director
(DIN: 00044852)

Date: July 06, 2022

Place: Ahmedabad

Annexure - H

MANAGEMENT DISCUSSION & ANALYSIS - ANNUAL REPORT 2021-22

ECONOMIC OVERVIEW

Global Economy

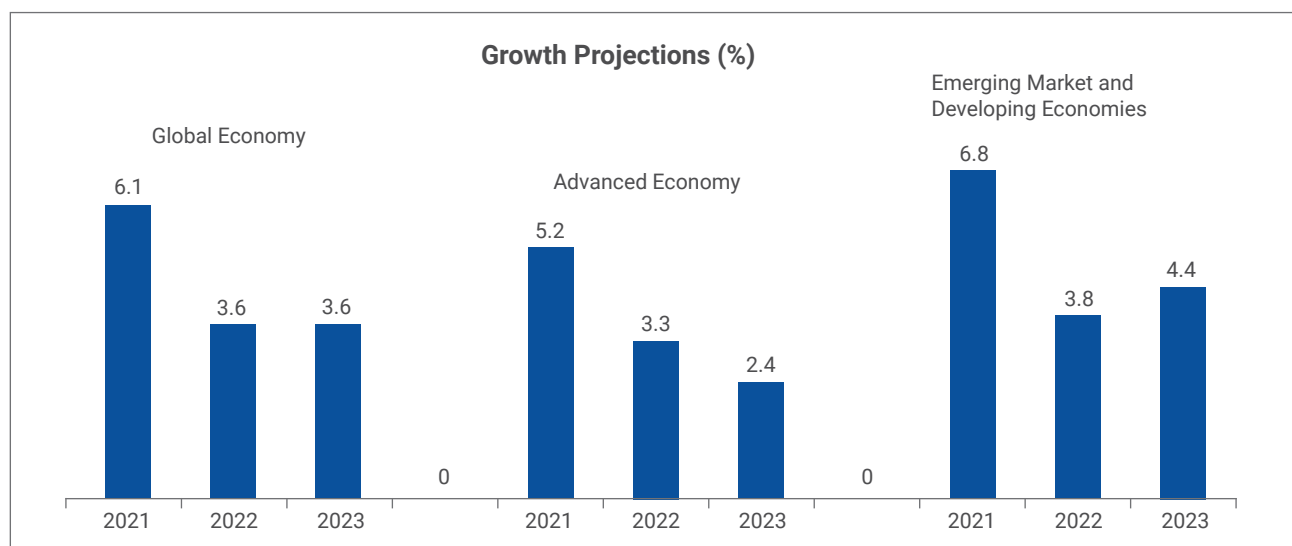
After a sharp dip in economic activity, post the first wave of the COVID-19 pandemic, the global economic witnessed recovery. However, since the beginning of calendar year 2022, a number of challenges have emerged and economic growth appears to be weaker than previously expected.

The combination of factors that have diluted growth impulses include the spread of the Omicron COVID-19 variant and consequent restrictions on mobility, rising energy prices and disruption of supply, which resulted in higher and more broad-based inflation, across the globe. In addition, the

retrenchment of China's real estate sector and slower-than-expected recovery of private consumption have limited growth prospects too.

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

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



Source: IMF World Economic Outlook - April 2022

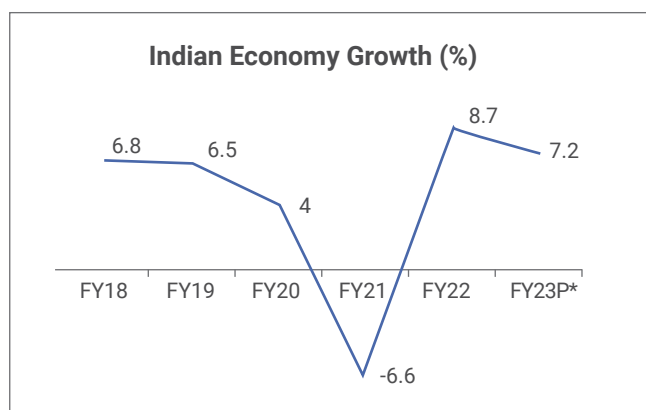
With respect to price pressures, it expects war-induced commodity price increases to touch 5.7% in advanced economies and 8.7% in emerging market and developing economies in CY2022. The IMF advised that multilateral efforts were the need of the hour to respond to the humanitarian crisis, prevent further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

Indian Economy

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

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

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



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

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

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

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

INDUSTRY OVERVIEW

Financial Services Industry

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

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

as payment banks, small finance banks etc. to operate in the sector.

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

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

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

NBFCs in India

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

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

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

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

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

MSME Sector

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

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

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

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

Automobile Domestic Sales Trends

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

Housing Finance

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

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

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

Automobiles

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

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

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

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

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

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

Automobile Exports Trends

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

COMPANY OVERVIEW

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

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

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

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

Distribution Network

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

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

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

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

Partnerships with Various NBFCs

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

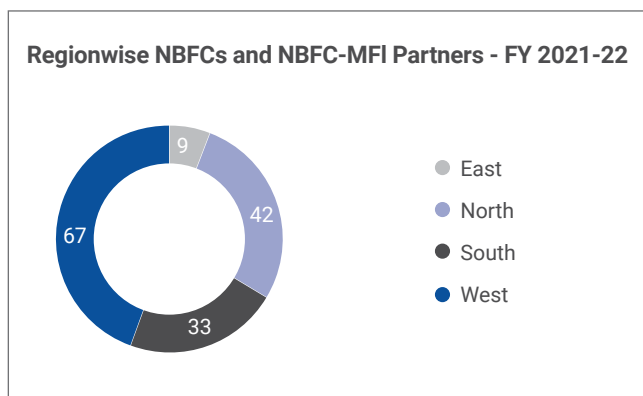
While the Company offers its domain expertise and lines of credit, partners undertake last-mile credit delivery more effectively. This enables building of stronger networks and fostering of customer trust. Further, the Company can improve its customer base without excessive investments in physical infrastructure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

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

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

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

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



BUSINESS PERFORMANCE

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

Performance of various Product Offerings

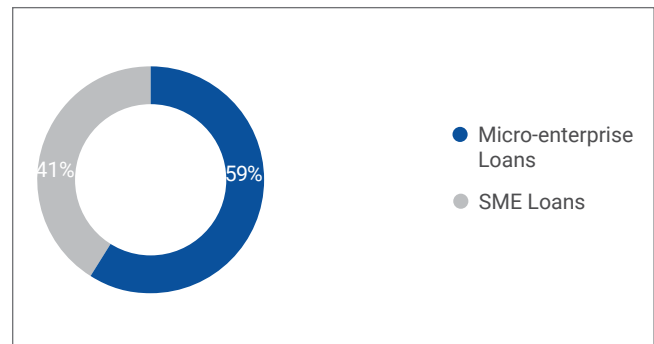
MSME Loans

Micro-Enterprise Loan (MEL)

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

Small & Medium Enterprises (SME) Loan

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



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

Two-Wheeler and Commercial Vehicle Loans

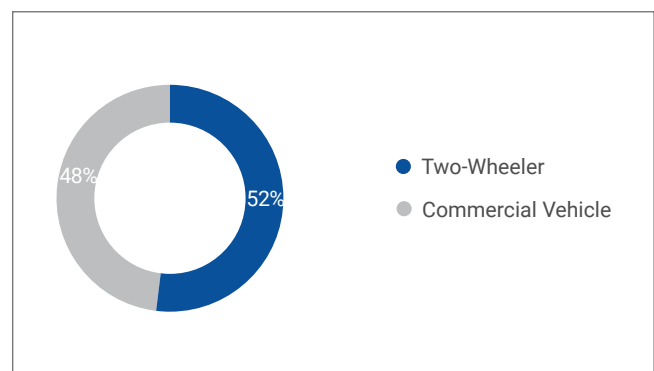
Two-Wheeler Loans

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

Commercial Vehicle Loans

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

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

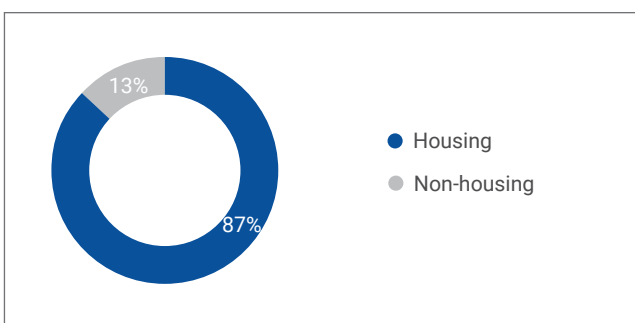


AUM for Commercial Vehicles and Two-Wheeler Loans stood at ₹ 720.90 crore as on 31st March, 2022 in comparison to ₹ 529.61 crore as on 31st March, 2021.

Housing Loans

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

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



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

FINANCIAL PERFORMANCE

(Amount in ₹ Lakhs)

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

Details of significant changes in Key Financial Ratios

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

Details of changes in Operating Expense Ratio:

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

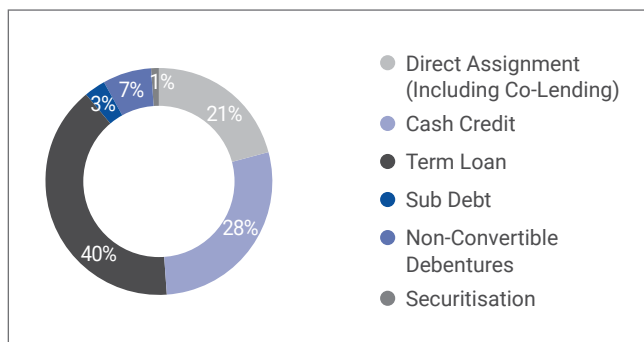
LIABILITY MANAGEMENT

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

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

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

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



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

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

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

RESOURCE MOBILISATION

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

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

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

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

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

CREDIT RATINGS

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

Acuté Ratings & Research

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

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

CARE Ratings

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

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

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

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

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

ICRA Limited

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

CAPITAL MANAGEMENT

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

CREDIT AND RISK MANAGEMENT

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

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

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

To pre-empt and minimise credit risk, HFS 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, HFS maintains sufficient spreads, offers relatively short tenure loans and resets lending rates periodically to mitigate the risk of interest rate volatility.

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

OPPORTUNITIES & THREATS

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

Opportunities

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

Threats

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

The Company takes a complete view of the credit assessment process by framing credit screens based on reliable demographic data and strict adherence of the same with an element of adaptability. At the same time, there is no compromise on the fundamentals of extending credit, where it is outstanding.

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

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

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

HUMAN RESOURCES

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

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

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

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

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

OUTLOOK

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

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

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

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

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

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

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

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

DISCLOSURE OF ACCOUNTING TREATMENT

The Company opted a prudent practice of amortising the income over the tenure of loans assigned instead of booking it upfront. This practice in management's view ensures true and fair financial position of the Company. The same is a

deviation from the Ind AS 109 'Financial Instruments' but according to the management well within the framework of Ind AS 1 para 19 and 20.

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

CAUTIONARY STATEMENT

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

Annexure - I

REPORT ON CORPORATE GOVERNANCE

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

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as applicable, with regard to corporate

governance and the Regulations of RBI for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (the 'NBFC Regulations'), as applicable to the Company.

Good Corporate Governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the Company and its shareholders and should facilitate effective monitoring. The Company acutely and consistently reviews its systems, policies and internal controls with an objective to establish sound risk management system and impeccable internal control system.

BOARD OF DIRECTORS:

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

CONSTITUTION OF BOARD:

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

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

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

Details of Chairman in Committees:

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

Details of Membership in Committees:

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

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

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

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

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

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

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

BOARD MEETINGS:

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

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

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

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

Directorship & Membership of Board / Committees:

Name of Directors	Directorship	Category	*No. of Committees
Mr. Kamlesh Chimanlal Gandhi	1. ~~MASS~~ Financial Services Limited#	Executive Director	-
	2. ~~MASS~~ 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. ~~MASS~~ Financial Services Limited#	Executive Director	Audit Committee – Member Stakeholders' Relationship Committee - Member
	2. ~~MASS~~ Rural Housing & Mortgage Finance Limited	Executive Director	Audit Committee - Member
	3. Swalamb MASS Financial Services Ltd.	Executive Director	-
	4. Prarthna Marketing Private Limited	Executive Director	-
Mr. Balabhas-karan	1. ~~MASS~~ Financial Services Limited#	Non - Executive Director	Audit Committee – Chairman Nomination & Remuneration Committee – Chairman Stakeholders' Relationship Committee - Chairman
	2. ~~MASS~~ 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	-
	1. ~~MASS~~ Financial Services Limited#	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee – Member Stakeholders' Relationship Committee - Member
Mr. Chetan Ramniklal Shah	2. ~~MASS~~ Rural Housing & Mortgage Finance Limited	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee - Member
	1. ~~MASS~~ Financial Services Limited#	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee – Member
Mr. Umesh Rajanikant Shah	1. ~~MASS~~ Financial Services Limited#	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee – Member
Mrs. Daksha Niranjana Shah	1. ~~MASS~~ Financial Services Limited#	Non - Executive Director	-
	2. Saline Area Vitalisation Enterprise Limited	Non - Executive Director	-
	3. Sadbhav Infrastructure Project Limited#	Non - Executive Director	-
	4. Altura Financial Services Limited	Executive Director	-
	5. Rohtak – Panipat Tollway Private Limited	Non - Executive Director	-
	6. Rohtak – Hissar Tollway Private Limited	Non - Executive Director	-
	7. Sadbhav Jodhpur Ring Road Private Limited	Non - Executive Director	-
	8. Sadbhav Kim Expressway Private Limited	Non - Executive Director	-
	9. Maharashtra Border Check Post Network Limited	Non - Executive Director	-
	10. Sadbhav Gadag Highway Private Limited	Non - Executive Director	-

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

Securities of the Entity are listed on Stock Exchange.

List of Matrix/chart of special skill:

Sr. No.	Name of the Directors	Skills/Expertise identified by the Board	Specialization
1.	Mr. Kamlesh C. Gandhi	• Integrity, • Ability to function as Team, • Leadership Quality, • Commitment • Future Vision & Innovation	He is the Founder, Chairman and Managing Director of the Company. He manages the Company with the guidance and support of the Board. He is a proficient and experienced industry practitioner with a brilliant track record. He has over two decades managed and propelled the Company's growth. He holds Higher secondary school examination certificate from the Gujarat Secondary Education Board, Gandhinagar in 1983. His understanding and the vision is among the key enables for the consistent performance of the Company.
2.	Mrs. Darshana S. Pandya		She is having vast experience in the Finance sector for past 25 years. She is a commerce graduate who joined the Company in 1996 as a junior executive and through her hard work, immaculate working and determination to excel, accompanied by enabling support from the management; rose to the level of Director & CEO. She is very dedicated towards her roles & responsibilities. She is having good exposure in the Finance sector. During her career span, she has successfully established and led many innovative services which have led the organization grow. (i.e. created value in the organization). She is responsible for leading the operations at HAS and also the relationship of the company with its more than 100 NBFC-MFI & NBFC Partners.
3.	Mr. Balabhaskaran		He has over 25 years of professional experience and has in the past held various positions with Shanti Business School as Director, PGDM, Gujarat Industrial Investment Corporation Limited as Senior Manager (Overseas Cell), Jyoti Limited as the Corporate Planning Officer, Bihar State Credit & Investment Corporation Private Limited as Development Officer, Indian Institute of Management as a researcher, Tata Merlin & Gerin Limited as Junior Engineer, Khira Steel Works Private Limited as Trainee Industrial Engineer, and Reunion Engineering Company Private Limited as Trainee Engineer. He holds a bachelor's of technology degree in electrical engineering (power) from Indian Institute of Technology, Madras, a post graduate diploma in management from Indian Institute of Management, Bangalore and a doctorate in management from Sardar Patel University. He is also a qualified chartered financial analyst registered with the Institute of Chartered Financial Analysts of India. The Company is benefitted from the valuable experience, knowledge and Expertise of Mr. Balabhaskaran.
4.	Mr. Chetan R. Shah		He has over 36 years of experience in the financial services sector and has in the past worked with the Natpur Co-Operative Bank as the Manager – Finance. He holds bachelor's degrees in commerce and law (general) from Gujarat University and He is also a qualified chartered accountant registered with the Institute of Chartered Accountants of India. The Company is benefitted from the valuable experience, knowledge and Expertise of Mr. Chetan R. Shah.
5.	Mr. Umesh R. Shah		He has more than three decades of experience in the diversified fields connected with Finance, Accounting, Auditing and Taxation. He is Bachelor of Commerce and Chartered Accountant holding membership of the Institute of the Chartered Accountants of India (ICAI). The Company is benefitted from the valuable experience, knowledge and Expertise Mr. Umesh R. Shah.

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

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

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

Independent Directors and Evaluation of Directors and the Board:

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

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

A separate meeting of Independent Directors was held on February 2, 2022 to review the performance of Non-Independent Directors and Board as whole.

Familiarization Programme:

The Company has adopted the Familiarization Programme to familiarize Independent Directors of the Company. The Company has held programmes for the Independent Directors and some of such programmes carried out during the year were as under:

- Various presentations were made by the Senior Executives, Statutory Auditor inter alia, about the business of the Company and of its subsidiaries from time to time, on different functions and areas, with special reference to the nature of the industry in which these companies operate.
- Deliberations were held and presentations were made from time to time on major development in the areas of the Companies Act 2013, notifications including amendments in existing regulations issued by the Securities and Exchange Board of India (SEBI), and amendments in circular of Reserve Bank of India (RBI).
- The regular meeting of the Independent Directors is being held with Executive Directors to interact with the strategy, operation and functions of the Company. Further, the Independent Directors are provided with opportunity to interact with the Management of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.

The Company conducted Five (5) programmes during the year 2021-22 and the time spent by Independent Directors was in the range of 1.5-2 hours.

It may be noted further that the independent directors of the Company being persons of great eminence and expertise were already well conversant with the business

and functioning of the Company, as also with other aspects referred to in the above-said regulation. Further, considering the variety of programmes conducted for the independent directors, the particulars of number of programmes, numbers of hours spent in such programmes & such other details of familiarization programmes are not being provided separately.

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

Details of Committees

A. AUDIT COMMITTEE:

The Company has formed Audit Committee in line with the provisions Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. Audit Committee meetings are generally held once in a quarter for the purpose of recommending the quarterly / half yearly / yearly financial result and the gap between two meetings did not exceed one hundred and twenty days. Additional meetings are held for the purpose of reviewing the specific item included in terms of reference of the Committee. During the year under review, Audit Committee met 6 (Six) times on May 18, 2021, July 21, 2021, July 22, 2021, August 10, 2021, October 27, 2021 and February 02, 2022.

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

Name	Designation	Number of meetings during the financial year 2021-22	
		Held	Attended
Mr. Balabhaskaran	Chairman	6	6
Mr. Chetan Shah	Member	6	6
Mr. Umesh Shah	Member	6	6
Mrs. Darshana Pandya	Member	6	6

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

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

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

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

A. Broad terms of Reference:

The role of the audit committee shall include the following:

- (1) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- (5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
- (8) Approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) Scrutiny of inter-corporate loans and investments;
- (10) Valuation of undertakings or assets of the listed entity, wherever it is necessary;

- (11) Evaluation of internal financial controls and risk management systems;
- (12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) Discussion with internal auditors of any significant findings and follow up there on;
- (15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) To review the functioning of the whistle blower mechanism;
- (19) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- (21) Reviewing the utilization of loans and/ or advances from/ investment by the holding Company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- (22) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder.
- (23) The Committee shall review compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

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

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

B. NOMINATION AND REMUNERATION COMMITTEE:

The Company has formed Nomination and Remuneration Committee in line with the provisions Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations. Nomination and Remuneration Committee meetings are generally held for identifying the person who is qualified to become Director or Key Managerial Personnel and may be appointed in senior management and recommending their appointments and removal and also to review key result areas and key performance expected from the directors during the quarters and to review remuneration paid to the directors, key managerial personnel and senior management team. During the year under review, the members of Nomination and Remuneration Committee met 4 (Four) times on May 18, 2021, August 11, 2021, October 27, 2021 and February 02, 2022.

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

Name	Designation	Number of meetings during the financial year 2021-22	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	4
Mr. Chetan Shah	Member	4	4
Mr. Umesh Shah	Member	4	4

Broad terms of reference:

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

Remuneration of Directors:

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

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

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

Sr. No.	Name of Directors	Designation	Component of payment	Remuneration paid (₹ In lakh)
1.	Mr. Kamlesh Gandhi	Chairman & Managing Director	Salary	370.82
2.	Mrs. Darshana Pandya	Director & CEO	Salary	44.06

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

Sr. No.	Name of Directors	(₹)
1.	Mr. Bala Bhaskaran	2,25,000
2.	Mr. Chetan Shah	2,55,000
3.	Mr. Umesh Shah	2,25,000
4.	Mrs. Daksha Shah	75,000

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

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

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

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

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

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

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

C. STAKEHOLDER'S RELATIONSHIP COMMITTEE:

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

During the year under review, Stakeholders' Relationship Committee met 4 (Four) times May 18, 2021, August 11, 2021, October 27, 2021 and February 02, 2022.

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

Name	Designation	Number of meetings during the financial year 2021-22	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	4
Mrs. Darshana Pandya	Member	4	4
Mr. Chetan Shah	Member	4	4

Complaint

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

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

Investor Grievances Officer

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

Broad terms of reference:

1. Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. The equity shares of the Company are compulsorily traded in electronic form on the stock exchanges and hence the handling of physical transfer of shares is minimal, the Company has no transfers pending at the closure of the financial year. The Committee shall also review services rendered by the Registrar & Share Transfer Agent;
4. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
5. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

D. RISK MANAGEMENT COMMITTEE:

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

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

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

Name	Designation	Number of meetings during the financial year 2021-22	
		Held	Attended
Mr. Chetan Shah	Chairman	4	4
Mr. Umesh Shah	Member	4	4
Mrs. Darshana Pandya	Member	4	4

Board Terms of Reference:

1. To formulate a detailed risk management policy which shall include:
 - a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c) Business Continuity Plan
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

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

E. GENERAL BODY MEETINGS

a. Annual General Meetings:

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

Following Special Resolutions were passed as per the procedure prescribed under Section 108 & Section 109 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2011 and as per Circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India under the overall supervision of the Scrutinizer, Mr. Ravi Kapoor, Practicing Company Secretary.

Resolution(s)	Details of Resolution(s)	Resolution(s) Passed on	Total No. of votes in favour	Total No. of votes against	% of votes in favour	% of votes against
Special	Approval for increasing the Borrowing Powers under Section 180(1)(c) upto ₹ 7500 Crores	December 09, 2020	46447584	5877	99.9873	0.0127
Special	Approval for creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a).	December 09, 2020	46447584	5877	99.9873	0.0127
Special	Re-appointment Mr. Kamlesh C. Gandhi (DIN: 00044852) as the Managing Director of the Company for a term of 5 years.	June 26, 2019	50351192	1228	99.9976	0.0024
Special	Re-appointment Mr. Mukesh C. Gandhi (DIN: 00187086) as the Whole time Director of the Company for a term of 5 years.	June 26, 2019	50351192	1228	99.9976	0.0024
Special	Re-appointment Mr. Balabhaskaran (DIN: 00393346) as an Independent Director of the Company for a term of 5 years.	June 26, 2019	50285692	66728	99.8675	0.1325
Special	Re-appointment Mr. Chetan Shah (DIN: 02213542) as an Independent Director of the Company for a term of 5 years.	June 26, 2019	49602404	535819	98.9313	1.0687

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

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

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

F. MEANS OF COMMUNICATION:

a. Financial Results:

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

b. Website:

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

c. Presentations/News Releases:

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

G. GENERAL SHAREHOLDERS INFORMATION:

a. Company Registration details:

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

b. Registered Office:

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

c. Date, time and venue of the 27th Annual General Meeting:

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

d. Financial Year:

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

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

e. Dividend Payment:

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

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

Tax deducted at source (TDS) on dividend

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

f. Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from August 18, 2022 to August 24, 2022 (both days inclusive) for the purpose of 27th Annual General Meeting.

g. Listing on Stock Exchanges:

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

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

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

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

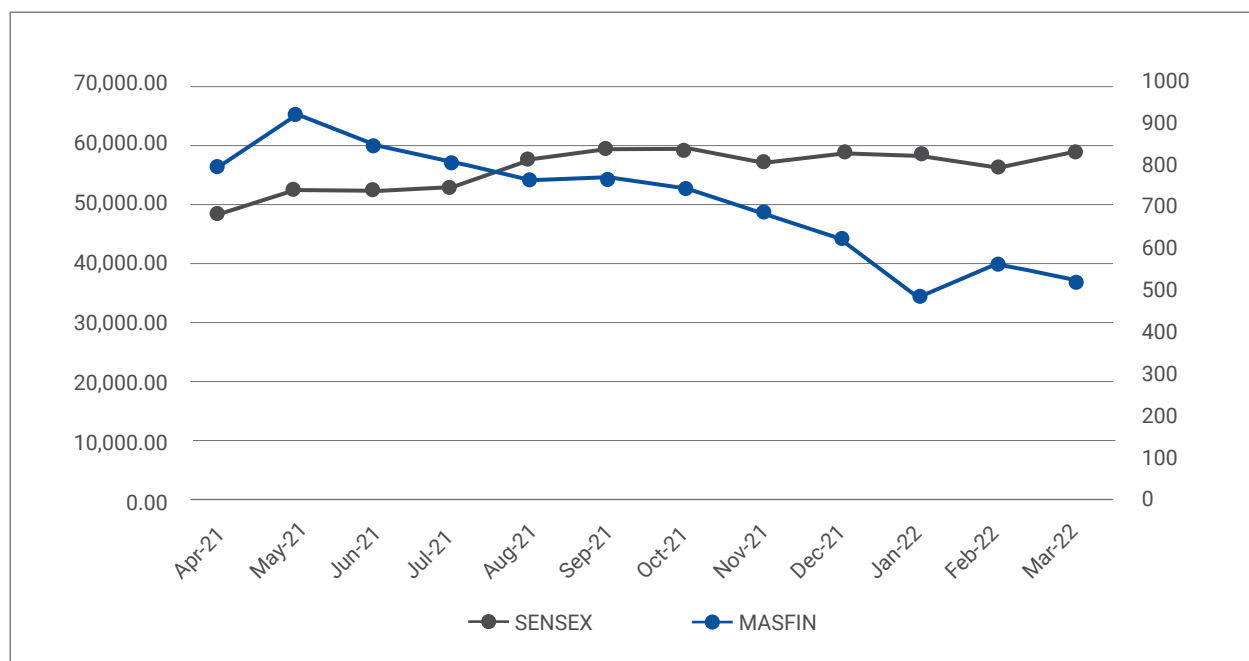
h. Market Price Data:

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

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

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

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

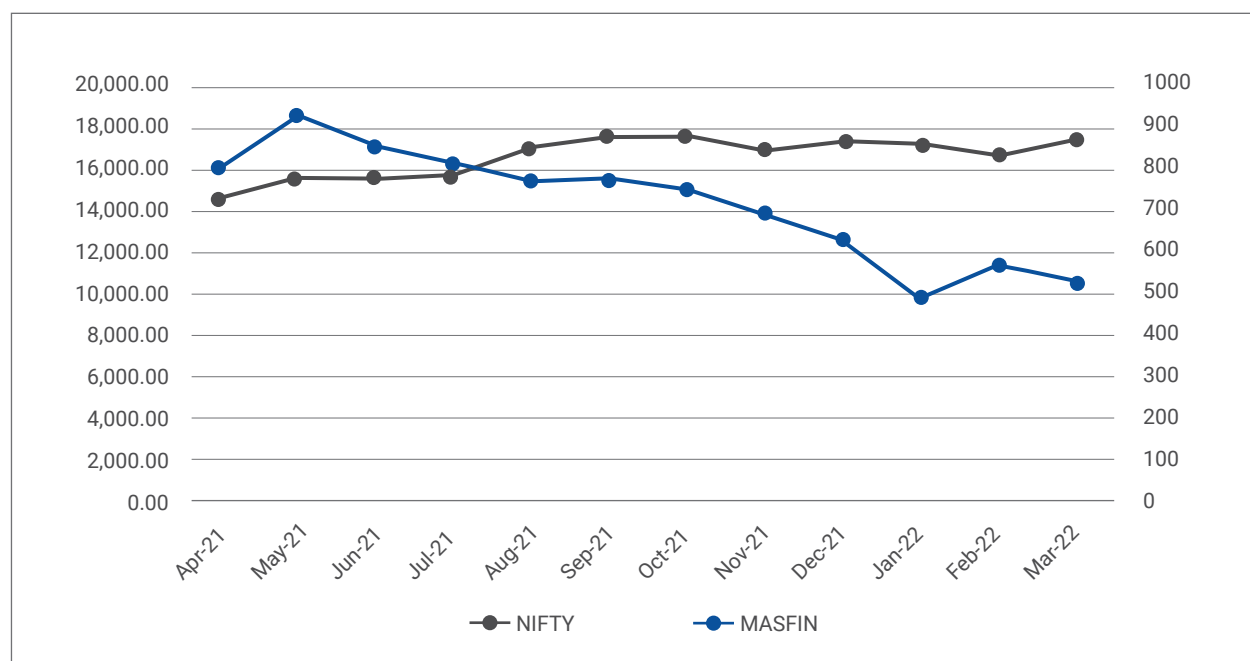


Month	Company's Shares	
	High (In ₹) – NSE	Low (In ₹) – NSE
April, 2021	864.00	761.10
May, 2021	975.10	775.00
June, 2021	965.00	833.35
July, 2021	908.00	784.15
August, 2021	827.00	717.40
September, 2021	818.80	746.40
October, 2021	820.00	725.00
November, 2021	796.75	685.55
December, 2021	739.00	630.50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

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

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

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



i. Registrar & Transfer Agents

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

Branch/Correspondence Address:

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

j. Share Transfer Procedure:

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

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

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

k. Shareholding as on March 31, 2022:

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

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

b. Shareholding Pattern as on March 31, 2022:

Category	No. of shares held		Total No. of Shares	% of Holding
	Physical	Demat		
Promoter and Promoter Group	-	4,02,53,996	4,02,53,996	73.64
Mutual Funds	-	44,42,868	44,42,868	8.13
Banks/FI/Central Govt./State Govts/	-	5,53,680	5,53,680	1.01
Trusts & Insurance Companies	-	-	-	-
Foreign Institutional Investors/	-	8,34,839	8,34,839	1.53
Portfolio Investor	-	-	-	-
NRI	-	2,17,818	2,17,818	0.40
Foreign Nationals	-	-	-	-
Foreign Companies	-	-	-	-
Bodies Corporate	-	4,21,341	4,21,341	0.77
Clearing Member	-	48,762	48,762	0.09
Directors / Relatives of Director	-	31,380	31,380	0.06
Indian Public / HUF	-	36,38,570	36,38,570	6.65
Trusts	-	40,44,763	40,44,763	7.40
NBFCs registered with RBI	-	-	-	-
Alternate Investment Funds	-	1,74,026	1,74,026	0.32
Total	-	5,46,62,043	5,46,62,043	100.00

I. Dematerialization of Shares and Liquidity

The Company's shares are traded in dematerialized form. All the Equity shares of the Company are dematerialized as on March 31, 2022.

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

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

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

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

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

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

o. Site location:

The Company is in service sector and does not have any Site / Plant locations. However, the Company operates from its Registered Office only and has 125 branches as on March 31, 2022.

p. Address of Correspondence:

i) MAS Financial Services Limited

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

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

Link Intime India Private Limited
Nilesh Dalwadi (Client Relations)
506 To 508, Amarnath Business Centre – 1,
Beside Gala Business Centre,
Nr. St. Xavier's College Corner, Off. Chimanlal
Girdharlal Rd.,
Sardar Patel Nagar, Ellisbridge,
Ahmedabad – 380006
Tel No.: +91 79 26465179 /86 / 87
Fax No.: +91 79 26465179
Email: mas.ipo@linkintime.co.in
Web: www.linkintime.co.in

q. Credit Ratings:

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

H. OTHER DISCLOSURES:

- a. There were no materially significant Related Party Transactions and pecuniary transactions that may have potential conflict with the interest of the Company at large. The details of Related Party Transactions are disclosed in Notes to Financial Statements of this Annual Report. The Board has approved a policy for related party transactions which is uploaded on the website of the Company at www.mas.co.in.
- b. There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years except in one instance where Company has made delay in furnishing prior intimation under Regulation 29(2) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 to the stock exchange(s) about agenda of recommendation of interim dividend and no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority except in one instance mentioned above however the Company has paid the necessary fines with the Stock Exchange(s) for the said non-compliance.
- c. The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safe guards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman

of the Audit Committee, in exceptional cases. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistle blowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company at www.mas.co.in.

- d. The Company has complied with all mandatory requirements laid down by the Regulation 27 of the Listing Regulations. The non-mandatory requirements complied with wherever requires and the same has been disclosed at the relevant places.
- e. The Company has one Subsidiary Company and therefore, the Company has adopted Policy for determining Material Subsidiary which is uploaded on the website of the Company at www.mas.co.in.
- f. The Company has adopted Related Party Transactions Policy which is uploaded on the website of the Company at www.mas.co.in.
- g. Commodity Price Risk / Foreign Exchange Risk and Hedging is not applicable to the company.
- h. Company has not raised funds through preferential allotment or qualified institutions placement therefore details regarding utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) is Not Applicable to the Company, Except for the issuance of NCDs on a private placement basis.
- i. The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on March 31, 2022 in compliance with Regulation 17(8) of Listing Regulations. The certificate is appended as an Annexure to this report. They have also provided quarterly certificates on financial results while placing the same before the Board pursuant to Regulation 33 of Listing Regulations.
- j. A qualified Practicing Company Secretary carried out a reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Secretarial Audit confirms that the total issued/paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- k. We have obtained a certificate from Practicing Company Secretary that none of the directors on

the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

- l. There were no circumstances where board had no accepted any recommendation of any committee of the board during the year.
- m. Total fees paid for the services to the statutory auditors is ₹ 50.43 Lakhs for the financial year 2021-22.

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

- n. As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted a Special Complaints Committee. During the year 2021-22, no complaints were received by the Committee.
- o. disclosure by Company and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount': Not Applicable
- p. The designated Senior Management Personnel of the Company have disclosed to the Board that no material, financial and commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.
- q. The Company has also adopted Material Events Policy, and Policy on Preservation of Documents which is uploaded on the website of the Company at www.mas.co.in.
- r. Details of the familiarization programme of the independent directors are available on the website of the company at www.mas.co.in.
- s. With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading www.mas.co.in.
- t. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- u. The Company has executed the Listing Agreement with the BSE Ltd. and the National Stock Exchange of India pursuant to Listing Regulations.
- v. As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Director seeking appointment/re-appointment at the forthcoming AGM are given herein and in the Annexure to the Notice of the 27th AGM to be held on August 24, 2022.
- w. In the preparation of the financial statements, the Company has followed the accounting policies and practices as prescribed in the Accounting Standards.
- x. The Company does not have any demat suspense account/unclaimed suspense account and therefore, the details pertaining the same are not given.
- y. There is no non-compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of Schedule V read with Regulation 34(3) of SEBI LODR Regulations.
 - aa. There are no promoter's shares in Lock-in.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
AAS 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 **AAS Financial Services Limited** having CIN L65910GJ1995PLC026064 and having registered office at 6, Narayan Chambers Ground Floor, B/H Patang Hotel, Ashram Road, Ahmedabad – 380 009. (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

For **Ravi Kapoor & Associates**

Ravi Kapoor

Proprietor

Mem. No FCS. 2587

CP No. 2407

UDIN: F002587D000573619

Date: July 06, 2022

Place: Ahmedabad

CERTIFICATE OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Darshana Pandya, Director & Chief Executive Officer and Ankit Jain, Chief Financial Officer of **HAAS FINANCIAL SERVICES LIMITED** certify that:

We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2022 and to the best of our knowledge and belief:

- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations, however the Company started Amortising the gain on assignment of financial assets over the residual tenure instead of booking upfront gain and its details are as mentioned in Note no. 32 of the Standalone Financial Statements of the Company.
- iii. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2022 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- iv. We accept responsibility for establishing and maintaining internal control system and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal control system, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- v. We further certify that we have indicated to the auditors and the Audit Committee:
 - a. There have been no significant changes in internal control over financial reporting system during the year;
 - b. There have been no significant changes in accounting policies during the year except for the changes disclosed in the notes to the financial statements, if any; and
 - c. There have been no instances of significant fraud, of which we have become aware, involving management or any employee having a significant role in the Company's internal control system over financial reporting.

Darshana S. Pandya

Director & Chief Executive Officer
(DIN: 07610402)

Ankit Jain

Chief Financial Officer

Date: July 06, 2022

Place: Ahmedabad

DECLARATION

I, Darshana Pandya, Director & Chief Executive Officer of **HAAS Financial Services Limited** hereby declare that as of March 31, 2022 all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct and Ethics for Directors and Senior Management Personnel laid down by the Company.

For and on behalf of the Board of Directors of

HAAS Financial Services Limited

Darshana Pandya

Director & Chief Executive Officer
(DIN: 07610402)

Date: July 06, 2022

Place: Ahmedabad

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
AAS Financial Services Limited

We have examined the Compliance Conditions of Corporate Governance by **AAS FINANCIAL SERVICES LIMITED** for the year ended on 31st March, 2022 as per Para E of Schedule V read with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 01st April, 2021 to 31st March, 2022. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

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

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

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

For **Ravi Kapoor & Associates**

Ravi Kapoor

Proprietor

Mem. No FCS. 2587

CP No. 2407

UDIN: F002587D000573663

Place: Ahmedabad

Date: July 06, 2022

Annexure - J

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

- **RELATED PARTY TRANSACTIONS**

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

- (1) Details of all material transaction with related parties are disclosed at Note No. 36 to the Standalone Financial Statements and Note No. 36 to the Consolidated Financial Statements;
- (2) The web-link for the policy on dealing with the Related Party Transactions is <https://mas.co.in/policy.aspx>

Annexure - K

BUSINESS RESPONSIBILITY REPORT FOR THE FY 2021-22

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

SECTION – A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	:	L65910GJ1995PLC026064	
2. Name of the Company	:	MAS Financial Services Limited	
3. Registered address	:	B/h Patang Hotel, Ashram RoadAhmedabad – 380009.	
4. Website	:	www.mas.co.in	
5. E-mail id	:	riddhi_bhayani@mas.co.in	
6. Financial Year reported	:	2021-22	
7. Sector(s) that the Company is engaged in	:	Description of the main products/ services	NIC code for the product or service
		Other financial service activities, except Insurance and pension funding activities, n.e.c	64990

8. List three key products/services that the Company manufactures/provides (as in balance sheet)
The Company was established in 1995 and we have a long track record of more than two decades in providing finance to the MSME, loan to purchase Two-Wheelers and Commercial vehicle in India.
9. Total number of locations where business activity is undertaken by the Company:
 - (a) Number of International Locations (Provide details of major 5): NIL
 - (b) Number of National Locations: The Company operates in 6 states and NCT Delhi through its 125 branches.
10. Markets served by the Company – PAN India

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

1. Paid up Capital (₹ in Lakh) : ₹ 5,466.20
2. Total Turnover (₹ in Lakh) : ₹ 65,745.05
3. Total profit after taxes (₹ in Lakh) : ₹ 15,782.64
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):
The Company's total spending on CSR is ₹ 42,00,096/- approx. 0.19% of the average profit after taxes in the previous three financial years.
5. List of activities in which expenditure in 4 above has been incurred:-
 - A. Health
 - B. Education
 - C. Social welfare

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

SECTION C: OTHER DETAILS

- 1) Does the Company have any Subsidiary Company/ Companies?
 - Yes, The Company has 1 Subsidiary i.e. **MAS Rural Housing & Mortgage Finance Limited.**
- 2) Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
 - Business Responsibility initiatives of the Parent Company are generally followed by the Subsidiary Company i.e. **MAS Rural Housing & Mortgage Finance Limited** to the extent possible.
- 3) Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]
 - No.

SECTION D: BR INFORMATION**(1) Details of Director/Directors responsible for BR****a) Details of the Director/Director responsible for implementation of the BR policy/policies**

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

b) Details of the BR head:

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

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

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

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

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

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

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

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

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (for compliance mentioned at point no. 1)	-	*	-	-	-	*	*	-	-
7	Any other reason (for compliance mentioned at point no. 10)	@	-	@	@	@	-	-	@	@

#<https://www.mas.co.in/policy.html>

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

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(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:

- 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.
- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
 - The Company encourages all its stakeholders to freely share their concerns and grievances. The Company has received 37 complaints from various stakeholders during FY 2021-22, out of which all the complaints were promptly resolved.

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

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
 - Not Applicable
- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
 - Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
 - 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.
- Does the company have procedures in place for sustainable sourcing (including transportation)?
 - 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.
- 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
- 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

- Please indicate the Total number of employees: 946
- Please indicate the Total number of employees hired on temporary/contractual/casual basis: 716
- Please indicate the Number of permanent women employees: 67
- Please indicate the Number of permanent employees with disabilities: 01
- Do you have an employee association that is recognized by management: No
- What percentage of your permanent employees is members of this recognized employee association? N.A.
- 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 instances of Sexual harassment in FY 2021-22.

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

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
- Permanent Employees
 - Permanent Women Employees
 - Casual/Temporary/Contractual Employees
 - 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

- Has the Company mapped its internal and external stakeholders? Yes/No
No
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.
Not Applicable
- 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.

- 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.
- 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

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

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Yes/No. If yes, please give hyperlink for webpage etc.
 - Not Applicable
3. Does the company identify and assess potential environmental risks? Yes/No
 - Not Applicable
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
 - Not Applicable
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Yes/No. If yes, please give hyperlink for web page etc.
 - No such initiatives carried out in the financial year 2021-22.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
 - Not Applicable
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
 - Not Applicable

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

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

We are members of following:

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

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

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

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
 - Yes, Please refer to Annual Report on CSR Activities Annexure.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?
 - Yes, various programmes have been carried out by the Company.
3. Have you done any impact assessment of your initiative?
 - The Company has a process for doing the impact assessment for its key CSR interventions by engaging Employees of the company on the regular basis.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?
 - Amount spent ₹ 42,00,096/- Please refer to Annual Report on CSR Activities Annexure for more details.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
 - Your Company's CSR initiatives are aligned to the mission of transforming rural lives and driving a positive change in the communities. The Company actively implements projects and initiatives in the areas of health, education, employment & livelihood generation, rural development, community welfare. We strongly believe in giving back to the society and this is the guiding principle around which all the Corporate Social Responsibility (CSR) activities are undertaken. Please refer to Annual Report on CSR Activities Annexure for more details.
 - It is Company's continuous endeavor to increase its CSR impact and spend over the coming years, supplemented by its continued focus towards rural development, promoting health, education and sanitation.

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

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
 - Only 19 Customer complaints/consumer cases are pending as on the March 31, 2022.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)
 - Not Applicable
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
 - No
4. Did your company carry out any consumer survey/ consumer satisfaction trends?
 - NA

Independent Auditors' Report

To the Members of MAS Financial Services Limited

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the accompanying Standalone financial statements of MAS Financial Services Limited ('the Company'), which comprise the standalone Balance Sheet as at March 31, 2022, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of cash flows and the standalone Statement of changes in Equity for the year then ended, and notes to the Standalone financial statements, including a summary of significant accounting policies and other explanatory information ("the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

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

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

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's Annual Report, but does not include the standalone financial statements and our audit reports thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

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

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

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

In preparing the Standalone financial statements, management is responsible for assessing the Company's

ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept, so far as it appears from our examination of those books.
- c) The standalone Balance Sheet, the standalone Statement of Profit and Loss including Other Comprehensive Income, the standalone Cash Flow Statement and standalone Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2022 on its financial position in its Standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations given under (a) and (b) above, contain any material mis-statement.
- v. As stated in Note no. 21.2 of the standalone financial statements
 - (a) The final dividend proposed in the previous year, declared and paid during the year by the Company is in compliance with section 123 of the Companies Act, 2013.
 - (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with section 123 of the Companies Act, 2013.
 - (c) The Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members in the ensuing Annual General Meeting. The amount of proposed dividend is in accordance with section 123 of the Companies Act, 2013.

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

Chandresh S. Shah
Partner

Place: Ahmedabad
Date: May 4, 2022

Membership No.: 042132
UDIN: 22042132AIQHLC4714

“Annexure A” to the Independent Auditors’ Report

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

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

1. (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of physical verification of its Property, Plant and Equipment so as to cover all the items of Property, Plant and Equipment in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of the immovable properties taken on lease and disclosed under “Right of use asset” in the financial statements, the lease agreements are in the name of the Company, where the Company is lessee in the agreement.
- (d) According to the information and explanations given to us and the records examined by us and based on the examination, the Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- (e) According to the information and explanations given to us and the records examined by us and based on the examination, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Refer Note 47 to the standalone financial statements.
2. (a) The Company is a non-banking finance company (‘NBFC’) and does not hold any inventories. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable.
- (b) During the year, the company has availed sanctioned working capital limit in excess of ₹ 5 Crores from banks on the basis of security of current assets. Based on our examination of the records of the Company, the quarterly returns/ statements filed by the Company with the said bank are materially in agreement with the books of accounts maintained by the Company.
3. (a) Since the Company’s principal business is to give loans. Accordingly, the reporting under clause 3(iii)(a) of the Order is not applicable to it.
- (b) In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees, provided during the year are, prima facie, not prejudicial to the Company’s interest.
- (c) The Company, being a Non-Banking Financial Company (‘NBFC’), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer note 8.1 to the Standalone Financial Statements for summarised details of such loans/ advances which are not repaid by borrowers as per stipulations. According to the information and explanations given to us, reasonable steps are taken by the Company for recovery thereof.
- (d) The Company, being a Non-Banking Financial Company (‘NBFC’), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and report total amount overdue including principal and /or payment of interest by its customers for more than 90 days. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer note 8.1 to the Standalone Financial Statements for summarised details of such loans/advances which are not

repaid by borrowers as per stipulations. According to the information and explanations given to us, reasonable steps are taken by the Company for recovery thereof.

- (e) Since the Company's principal business is to give loans, the reporting under clause 3(iii)(e) of the Order are not applicable to it.
 - (f) Based on our audit procedures and the information and explanation made available to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
4. According to the information and explanations given to us and on the basis of examination of the records, the Company has not granted any loans, made investments or provided guarantees in contravention of the provisions of Section 185 of the Act and has complied with the applicable provisions of Section 186 (1) of the Act.
 5. The Company has not accepted any deposits within the meaning of the provisions of section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed thereunder. Further, according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law

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

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

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

8. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
9. According to the information and explanations given to us and on the basis of our examination of the books of account, we report that
 - (a) The Company has not defaulted in repayment of loans or borrowings or interest thereon from any financial institution, banks, government or due to debenture holders during the year.
 - (b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
 - (c) The Company has utilised the money obtained by way of term loans from banks and other financial

Tribunal or Reserve Bank of India or any court or any other Tribunal, in this regard.

6. The Central Government has not prescribed the maintenance of cost records under sub-section (1) section 148 of the Act for any of the services rendered by the Company. Accordingly, reporting under clause 3(vi) of the Order is not applicable to the Company.
 7. According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Custom, Duty of Excise, Value added Tax, Cess and any other material statutory dues.
 - (b) There were no material undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Custom, Duty of Excise, Value added Tax, Cess and any other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
- institutions during the year for the purposes for which they were obtained. Unutilised funds are held by the Company in the form of deposits or in current accounts till the time of subsequent utilisation.
- (d) The funds raised on short term basis have not been utilized for the long-term purpose.
 - (e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
 - (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiary company.
10. (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and hence reporting under clause 3(x)(a) of the Order is not applicable to the Company.
 - (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or

optionally convertible) during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

11. (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.
- (c) According to the information and explanations given by management/Audit Committee, there were no whistle blower complaints received by the Company during the year.
12. The Company is not a Nidhi company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is in compliance with section 177 and 188 of the Act, where applicable, for all the transactions with the related parties and details of such transactions have been disclosed in the Standalone financial statements as required by the applicable accounting standards.
14. (a) In our opinion and based on our examination, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, during the course of our audit, the reports of the internal auditor issued till date for the period under audit in accordance with the guidance provided in SA 610 "Using the work of Internal Auditors".
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company and hence provisions of section 192 of the Act are not applicable to the Company.
16. According to the information and explanations given to us and based on the examination of the records of the Company, we report that
 - (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the Company has obtained the required registration.
 - (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company ('CIC') as defined under the Regulations by the Reserve Bank of India.
- (d) As per information provided in course of our audit, the group to which the Company belongs does not have CIC.
17. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
18. During the year, M/s B S R & Co LLP, the erstwhile statutory auditors of the Company have resigned with effect from 25 August, 2021 consequent to the amended rules/regulations applicable to the Company. (i.e. vide RBI circular dated April 27, 2021). As informed, there have been no issues, objections or concerns raised by the said outgoing auditors.
19. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
20. (a) According to the information and explanations given to us, there are no unspent amount in respect of other than ongoing projects that are required to be transferred to a fund specified in Schedule VII to the Act.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has transferred the amount remaining unspent in respect of ongoing projects, to a Special Account till the date of our report in compliance with provision of sub section (6) of section 135 of the Act. Relevant disclosures are made in Note 34 (c) of the Standalone financial statement of the Company.

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

Chandresh S. Shah
Partner

Place: Ahmedabad
Date: May 4, 2022

Membership No.: 042132
UDIN: 22042132AIQHLC4714

“Annexure B” to The Auditors’ Report

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

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

MANAGEMENT RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS’ RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance

regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

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

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

Chandresh S. Shah
Partner

Place: Ahmedabad
Date: May 4, 2022

Membership No.: 042132
UDIN: 22042132AIQHLC4714

Standalone Balance Sheet

as at 31 March 2022

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

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

In terms of our report of even date attached

For Mukesh M Shah & Co.

Chartered Accountants

Firm's Registration No: 106625W

Chandresh S. Shah

Partner

Membership No: 042132

Darshana S. Pandya

(Director & Chief Executive Officer)

(DIN - 07610402)

Riddhi B. Bhayani

(Company Secretary & Compliance Officer)

(Membership No: A41206)

Ahmedabad

4 May 2022

For and on behalf of the Board of Directors of

HAS Financial Services Limited

Kamlesh C. Gandhi

(Chairman & Managing Director)

(DIN - 00044852)

Ankit Jain

Chief Financial Officer

Ahmedabad

4 May 2022

Standalone Statement of Profit and Loss

for the year ended 31 March 2022

(₹ in Lakhs)

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

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

In terms of our report of even date attached

For Mukesh M Shah & Co.

Chartered Accountants

Firm's Registration No: 106625W

For and on behalf of the Board of Directors of

HAAS Financial Services Limited

Chandresh S. Shah

Partner

Membership No: 042132

Darshana S. Pandya

(Director & Chief Executive Officer)

(DIN - 07610402)

Kamlesh C. Gandhi

(Chairman & Managing Director)

(DIN - 00044852)

Riddhi B. Bhayani

(Company Secretary & Compliance Officer)

(Membership No: A41206)

Ahmedabad

4 May 2022

Ahmedabad

4 May 2022

Ankit Jain

Chief Financial Officer

Standalone Statement of Changes in Equity

for the year ended 31 March 2022

(A) EQUITY SHARE CAPITAL

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

(B) OTHER EQUITY

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

In terms of our report of even date attached

For Mukesh M Shah & Co.

Chartered Accountants

Firm's Registration No: 106625W

For and on behalf of the Board of Directors of

AAS Financial Services Limited

Chandresh S. Shah

Partner

Membership No: 042132

Darshana S. Pandya

(Director & Chief Executive Officer)

(DIN - 07610402)

Kamlesh C. Gandhi

(Chairman & Managing Director)

(DIN - 00044852)

Riddhi B. Bhayani

(Company Secretary & Compliance Officer)

(Membership No: A41206)

Ankit Jain

Chief Financial Officer

Ahmedabad

4 May 2022

Ahmedabad

4 May 2022

Standalone Statement of Cash Flows

for the year ended 31 March 2022

(₹ in Lakhs)

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

Standalone Statement of Cash Flows (contd.)

for the year ended 31 March 2022

(₹ in Lakhs)

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

Notes:

	As at 31 March 2022	As at 31 March 2021
1 Cash and bank balances at the end of the year comprises:		
(a) Cash on hand	10.08	5.75
(b) Balances with banks	23,643.28	48,975.82
Total	23,653.36	48,981.57
(c) Bank deposits with original maturity of 3 months or less	3,696.48	47,523.57
Cash and cash equivalents as per the balance sheet	27,349.84	96,505.14
2 The above cash flow statement has been prepared under the "indirect method" as set out in the Ind AS - 7 on statement of cash flows specified under section 133 of the Companies Act, 2013.		
3 The Company as at 31 March 2022 has undrawn borrowing facilities amounting to ₹ 1,68,020.24 lakhs that may be available for future operating activities and to settle capital commitments.		

4 Change in liabilities arising from financing activities

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

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

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

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

In terms of our report of even date attached

For Mukesh M Shah & Co.

Chartered Accountants

Firm's Registration No: 106625W

For and on behalf of the Board of Directors of

HAS Financial Services Limited

Chandresh S. Shah

Partner

Membership No: 042132

Darshana S. Pandya

(Director & Chief Executive Officer)

(DIN - 07610402)

Kamlesh C. Gandhi

(Chairman & Managing Director)

(DIN - 00044852)

Riddhi B. Bhayani

(Company Secretary & Compliance Officer)

(Membership No: A41206)

Ahmedabad

4 May 2022

Ankit Jain

Chief Financial Officer

Ahmedabad

4 May 2022

Notes

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

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Company operates (the "functional currency"). Amounts in the standalone financial statements are presented in lakhs rounded off to two decimal places as permitted by Schedule III to the Act, except when otherwise indicated.

2.4 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised prospectively.

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

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

Judgements

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

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and

Notes

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

their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

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

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 42.

ii) Effective interest rate ("EIR") method

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

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

iii) Impairment of financial asset

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

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

- a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.
- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

Notes

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

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

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

iv) **Provisions and other contingent liabilities**

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

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

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

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

v) **Provision for income tax and deferred tax assets**

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

of deferred tax assets at the end of each reporting period.

vi) **Defined Benefit Plans**

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

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

2.5 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 40.

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

- i) The normal course of business
- ii) The event of default

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and

Notes

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

financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

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

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

B. Interest income

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

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

3.2 Financial instrument - initial recognition

A. Date of recognition

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.8), transaction costs are added to or subtracted from this amount, except in the case of financial assets and financial liabilities recorded at FVTPL.

C. Measurement categories of financial assets and liabilities

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

- i) Amortised cost
- ii) FVOCI
- iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

- a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

SPPI test

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

Notes

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

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

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

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

Accordingly, financial assets are measured as follows:

i) Financial assets carried at amortised cost

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

ii) Financial assets measured at FVOCI

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

iii) Financial assets at FVTPL

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

iv) Equity investment in subsidiaries

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

B. Financial liability

i) Initial recognition and measurement

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

ii) Subsequent measurement

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

3.4 Reclassification of financial assets

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

3.5 Derecognition of financial assets and liabilities

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

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

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

i) Financial assets

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

On derecognition of financial assets on account of direct assignment of loans, gain is recognized as "Unearned income on assigned loans" under the head other non-

Notes

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

financial liabilities and amortized in the profit or loss over the underlying residual tenure of the assigned portfolio. Refer note 32 for details.

Further, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset, if any.

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

ii) Financial liability

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

3.6 Impairment of financial assets

A. Overview of ECL principles

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

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

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

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

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

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

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL.

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

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

Loan commitments:

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

B. Calculation of ECLs

For retail loans

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

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

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

Notes

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

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.

$\% \text{ Recovery rate} = (\text{discounted recovery amount} + \text{security amount} + \text{discounted estimated recovery}) / (\text{total outstanding})$
 $\% \text{ LGD} = 1 - \text{recovery rate}$

For retail asset channel ("RAC") loan portfolio

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

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

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

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

The mechanics of the ECL method are summarised below:

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

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

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

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

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

Significant increase in credit risk

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

Notes

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

Definition of default

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

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

C. Loans and advances measured at FVOCI

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

D. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time. For this purpose, the Company has used the data source of Economist Intelligence Unit.

3.7 Write-offs

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

3.8 Determination of fair value

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

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

- Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;
- Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and
- Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 (I) Recognition of other income

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

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

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

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

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

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

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

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

A. Dividend income

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

B. Rental income

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

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fees and commission income

Fees and commission income such as stamp and document charges, guarantee commission, service income, due diligence & evaluation charges and portfolio monitoring fees etc. are recognised on point in time basis.

3.9 (II) Recognition of other expense

A. Finance cost

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

Finance costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

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

3.10 Cash and cash equivalents

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

3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably.

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

The estimated useful lives are, as follows:

- i) Buildings - 60 years
- ii) Office equipments - 3 to 10 years
- iii) Furniture and fixtures - 10 years
- iv) Vehicles - 8 years

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

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

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

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

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

3.12 Intangible assets

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

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

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

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

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

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value

in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

3.14 Leases

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

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

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Lease payments associated with short term leases or low value leases are recognised as an expense on a straight-line basis over the lease term.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end

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

of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

3.15 Corporate guarantees

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

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

3.16 Retirement and other employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Short-term employee benefits

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

The cost of short-term compensated absences is accounted as under:

- in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- 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

Notes

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

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 nor disclosed in the financial statements.

3.18 Taxes

A. Current tax

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

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

B. Deferred tax

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

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

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

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

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

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

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

3.19 Earnings per share

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

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

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

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

3.20 Dividends on ordinary shares

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

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

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

3.21 Repossessed asset

In the normal course of business whenever default occurs, the Company may take possession of properties

or other assets in its retail portfolio and generally disposes such assets through auction, to settle the outstanding debt.

3.22 Security deposit

The security deposits received by the customers are in the nature of financial liabilities as defined under Ind AS – 32. The Company uses weighted average rate of borrowing as discount rate to arrives at fair valuation of security deposit. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

No new standards as notified by Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

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

5. CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Cash on hand	10.08	5.75
Balances with banks:		
In current / cash credit accounts (refer note 1 below)	23,643.28	48,975.82
Bank deposits with original maturity of 3 months or less (refer note 2 below)	3,696.48	47,523.57
Total cash and cash equivalents	27,349.84	96,505.14

Notes:

- Balance amounting to ₹ 292.04 lakh represents balance with banks in earmarked account i.e. "unspent CSR account".
- Represents bank deposits against overdraft facility as at 31 March 2022.

6. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
In current accounts (refer note 1 below)	8.42	14.47
Earmarked balances with banks:		
Unclaimed dividend bank balances (refer note 2 below)	63.03	1.83
In fixed deposit accounts:		
Deposits given as security against borrowings and other commitments	2,745.76	2,163.09
Bank deposits with original maturity of more than 3 months (refer note 3 below)	52,913.29	1,001.36
Total bank balance other than cash and cash equivalents	55,730.50	3,180.75

Notes:

- Balance represents balance with banks in earmarked account i.e. "collection and pay-out account".
- Balance amounting to ₹ 61.07 lakh was transferred to lien free "current account" after 31 March 2022 as it was available for free use.
- Represents bank deposits against overdraft facility as at 31 March 2022.

7. TRADE RECEIVABLES

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Trade receivables considered good-secured	-	-
Trade receivables considered good-unsecured	100.41	221.45
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total trade receivables	100.41	221.45

Notes:

- Impairment allowance recognised on trade receivables is ₹ Nil (Previous year: ₹ Nil).
- There is no due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

Notes

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

Trade Receivables ageing schedule as at 31 March 2022

(₹ In Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	10.50	46.41	43.50	-	-	100.41
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables–considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

Trade Receivables ageing schedule as at 31 March 2021

(₹ In Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	221.45	-	-	-	-	221.45
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables–considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

8. LOANS

(₹ In Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total
(A) (i) Bills Purchased and Bills Discounted	4,088.81	-	4,088.81	-	-	-
(ii) Term loans	-	4,51,322.09	4,51,322.09	-	3,80,513.40	3,80,513.40
Total (A)-Gross	4,088.81	4,51,322.09	4,55,410.90	-	3,80,513.40	3,80,513.40
Less: Impairment loss allowance	(30.70)	-	(30.70)	-	-	-
Total (A)-Net	4,058.11	4,51,322.09	4,55,380.20	-	3,80,513.40	3,80,513.40
(B) (i) Secured by tangible assets	4,088.81	3,28,091.19	3,32,180.00	-	2,73,025.03	2,73,025.03
(ii) Unsecured	-	1,23,230.90	1,23,230.90	-	1,07,488.37	1,07,488.37
Total (B)-Gross	4,088.81	4,51,322.09	4,55,410.90	-	3,80,513.40	3,80,513.40
Less: Impairment loss allowance	(30.70)	-	(30.70)	-	-	-
Total (B)-Net	4,058.11	4,51,322.09	4,55,380.20	-	3,80,513.40	3,80,513.40

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

(₹ In Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	At amortised cost	At fair value through OCI	Total	At amortised cost	At fair value through OCI	Total
(C) (I) Loans in India						
(i) Public sector	-	-	-	-	-	-
(ii) Private sector	4,088.81	4,51,322.09	4,55,410.90	-	3,80,513.40	3,80,513.40
Total (C)-Gross	4,088.81	4,51,322.09	4,55,410.90	-	3,80,513.40	3,80,513.40
Less: Impairment loss allowance	(30.70)	-	(30.70)	-	-	-
Total (C) (I) -Net	4,058.11	4,51,322.09	4,55,380.20	-	3,80,513.40	3,80,513.40
(C) (II) Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total (C) (II)- Net	-	-	-	-	-	-
Total C(I) and C(II)	4,058.11	4,51,322.09	4,55,380.20	-	3,80,513.40	3,80,513.40

Loans or advances in the nature of loans are granted to promoters, directors, KMPs, and the related parties, either severally or jointly with any other person

Particulars	As at 31 March 2022	% to the total Loans and Advances in the nature of loans	As at 31 March 2021	% to the total Loans and Advances in the nature of loans
Promoter	Nil	Nil	Nil	Nil
Directors	Nil	Nil	Nil	Nil
KMPs	Nil	Nil	Nil	Nil
Related parties	Nil	Nil	Nil	Nil

Notes:

- Refer note 36(b) for loans to Companies in which directors are interested.
- The impairment on loans measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss.

8.1 An analysis of changes in the gross carrying amount of loans is given below*

(₹ In Lakhs)

	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	3,70,475.42	7,926.39	6,442.50	3,84,844.31	3,27,645.11	8,635.22	6,291.85	3,42,572.18
Changes in opening credit exposures (net of repayment and excluding write off)	(2,66,113.52)	(2,184.75)	(2,324.88)	(2,70,623.15)	(2,03,604.32)	(2,094.78)	(386.88)	(2,06,085.98)
New assets originated (net of repayment)**	3,44,444.41	2,267.15	1,782.55	3,48,494.11	2,50,778.16	872.53	128.08	2,51,778.77
Transfers from Stage 1	(8,771.34)	3,572.18	5,199.16	-	(7,344.64)	6,030.86	1,313.78	-
Transfers from Stage 2	99.25	(2,525.68)	2,426.43	-	4,547.83	(5,517.06)	969.23	-
Transfers from Stage 3	28.21	0.00	(28.21)	-	29.62	0.63	(30.25)	-
Amounts written off	(0.20)	(2.29)	(3,008.15)	(3,010.64)	(1,576.34)	(1.01)	(1,843.31)	(3,420.66)
Gross carrying amount closing balance	4,40,162.23	9,053.00	10,489.40	4,59,704.63	3,70,475.42	7,926.39	6,442.50	3,84,844.31

* The above classification also includes balance of spread receivable on assigned portfolio. (Refer note 10)

** New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

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

In accordance with the board approved moratorium policy read with RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Company had granted moratorium up to six months on the payment of installments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers.

The Honourable Supreme Court of India in a public interest litigation (Gajendra Sharma vs. Union of India & Anr), vide an interim order dated 3 September 2020 ('interim order'), has directed that no additional borrower accounts shall be classified as impaired ('non-performing assets' or 'NPA') which were not declared NPA till 31 August 2020, till further orders. Based on the said interim order, the Company had not classified any standard account as of 31 August 2020 as NPA after 31 August 2020. The Company has classified those accounts as stage 3 and provisioned accordingly for financial reporting purposes.

The interim order granted to not declare accounts as NPA stood vacated on 23 March 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors, and other connected matters, in accordance with the instructions in paragraph 5 of the RBI circular no. RB1/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated 7 April 2021 issued in this connection, the Company had continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms and as per ECL model under Ind AS financial statements for the year ended 31 March 2021 and 31 March 2022.

8.2 Reconciliation of ECL balance is given below

(₹ In Lakhs)

	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	5,839.79	1,594.45	2,487.60	9,921.84	2,212.87	1,738.22	1,905.35	5,856.44
Changes in opening credit exposures (net of repayment and excluding write off)	(2,187.11)	(246.75)	(150.19)	(2,584.05)	1,375.42	(1,060.80)	287.50	602.12
New assets originated (net of repayment)	3,387.56	209.86	926.75	4,524.17	3,719.62	274.43	47.97	4,042.02
Transfers from Stage 1	(2,521.53)	518.45	2,003.08	-	(1,668.10)	1,137.83	530.27	-
Transfers from Stage 2	1.92	(1,039.67)	1,037.76	-	208.07	(472.12)	264.05	-
Transfers from Stage 3	0.24	-	(0.24)	-	0.64	-	(0.64)	-
Amounts written off	(0.47)	(6.91)	(1,834.96)	(1,842.34)	(8.73)	(23.11)	(546.90)	(578.74)
ECL allowance - closing balance	4,520.39	1,029.43	4,469.79	10,019.62	5,839.79	1,594.45	2,487.60	9,921.84

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 3,010.64 lakh at 31 March 2022 (31 March 2021 : ₹ 3,420.66 lakh).

The increase in ECL was driven by an increase in the gross amount of the portfolio, movements between stages as a result of increase in credit risk, change in probability of default, macro economic factors and management overlays due to estimated impact of COVID-19 pandemic. The extent to which COVID-19 pandemic will impact current estimates of ECL is uncertain at this point of time. The Company has conducted a qualitative assessment and has considered forecasted macro economic factors and a higher probability of default to factor in the potential impact of COVID-19 on impairment allowances. For further details, refer note 44.

Notes

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

8.3 Credit quality of loan assets

The table below shows the gross carrying amount of loans based on the Company's internal grades and year-end stage classification of loans. The amounts presented are gross of impairment allowances. Details of the Company's internal grades are explained in note 44.1.

(₹ In Lakhs)

	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal grades								
Performing								
High quality assets	4,40,162.23	-	-	4,40,162.23	3,70,475.42	-	-	3,70,475.42
Quality assets	-	4,583.18	-	4,583.18	-	3,936.84	-	3,936.84
Standard assets	-	4,469.82	-	4,469.82	-	3,989.55	-	3,989.55
Non- performing								
Sub standard assets	-	-	5,087.51	5,087.51	-	-	2,648.01	2,648.01
Low quality assets	-	-	5,401.89	5,401.89	-	-	3,794.49	3,794.49
Total	4,40,162.23	9,053.00	10,489.40	4,59,704.63	3,70,475.42	7,926.39	6,442.50	3,84,844.31

9. INVESTMENTS

(₹ In Lakhs)

	As at 31 March 2022				As at 31 March 2021			
	At amortised cost	At fair value through P&L	Others	Total	At amortised cost	At fair value through P&L	Others	Total
Investments in								
Alternative investment funds	-	3,558.71	-	3,558.71	-	2,029.90	-	2,029.90
Pass through certificates under securitization transactions	14,125.55	-	-	14,125.55	6,564.03	-	-	6,564.03
Market linked debentures	-	26,296.65	-	26,296.65	-	11,566.97	-	11,566.97
Non - convertible debentures	4,931.71	-	-	4,931.71	-	-	-	-
Mutual fund units	-	463.25	-	463.25	-	-	-	-
Subsidiary #	-	2,264.53	2,220.83	4,485.36	-	1,124.15	2,220.83	3,344.98
Total – Gross (A)	19,057.26	32,583.14	2,220.83	53,861.23	6,564.03	14,721.02	2,220.83	23,505.88
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investments in India	19,057.26	32,583.14	2,220.83	53,861.23	6,564.03	14,721.02	2,220.83	23,505.88
Total (B)	19,057.26	32,583.14	2,220.83	53,861.23	6,564.03	14,721.02	2,220.83	23,505.88
Less: Allowance for Impairment Loss (C)	(55.21)	-	-	(55.21)	(2.52)	-	-	(2.52)
Total – Net D= (A)-(C)	19,002.05	32,583.14	2,220.83	53,806.02	6,561.51	14,721.02	2,220.83	23,503.36

Investment in subsidiary

(₹ In Lakhs)

	31 March 2022	31 March 2021
Investment in equity shares of subsidiary	1,975.00	1,975.00
Investment in debt component of optionally convertible preference shares of subsidiary	1,311.36	632.37
Deemed investment in optionally convertible preference shares of subsidiary	953.17	491.78
Investment in subsidiary on account of:		
Corporate financial guarantee given to bank on behalf of subsidiary	239.03	239.03
Issuance of equity shares to the employees of subsidiary at discount	6.80	6.80
Total	4,485.36	3,344.98

Notes

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

10. OTHER FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Security deposits	86.85	69.11
Spread receivable on assigned portfolio	4,293.73	4,330.91
Interest accrued but not due on investments	67.37	2.20
Advances to dealer	813.77	-
Ex-gratia interest amount under GOI scheme (net of ECL)	-	362.62
Total other financial assets	5,261.72	4,764.84

11. PROPERTY, PLANT AND EQUIPMENTS AND INTANGIBLE ASSETS

(₹ In Lakhs)

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 2020	668.20	344.16	280.52	163.57	1,456.45	37.40	37.40
Additions	-	16.79	-	-	16.79	3.13	3.13
Disposals	-	32.01	-	-	32.01	-	-
At 31 March 2021	668.20	328.94	280.52	163.57	1,441.23	40.53	40.53
Additions	-	115.84	54.67	122.59	293.10	18.97	18.97
Disposals	-	-	-	-	-	-	-
At 31 March 2022	668.20	444.78	335.19	286.16	1,734.33	59.50	59.50
Depreciation/Amortisation							
At 1 April 2020	31.93	120.77	49.98	55.21	257.89	26.33	26.33
Depreciation/amortization charge	11.44	67.33	28.68	25.37	132.82	5.44	5.44
Disposal	-	30.75	-	-	30.75	-	-
At 31 March 2021	43.37	157.35	78.66	80.58	359.96	31.77	31.77
Depreciation/amortization charge	11.44	64.77	29.22	29.91	135.34	5.73	5.73
Disposal	-	-	-	-	-	-	-
At 31 March 2022	54.81	222.12	107.88	110.49	495.30	37.50	37.50
Net block value:							
At 31 March 2021	624.83	171.59	201.86	82.99	1,081.27	8.76	8.76
At 31 March 2022	613.39	222.66	227.31	175.67	1,239.03	22.00	22.00

Note: No revaluation of any class of asset is carried out during the year.

(c) Capital work in progress

Capital work in progress includes borrowing costs related to development of building amounted to ₹ 146.29 lakhs (31 March 2021: ₹ 181.39 lakhs). Finance costs are capitalised using rates based on specific borrowing rate i.e. 8.39%.

(₹ In Lakhs)

Capital work-in-progress	
At 1 April 2020	4,821.34
Additions	181.39
Disposals	-
At 31 March 2021	5,002.73
Additions	201.66
Disposals	-
At 31 March 2022	5,204.39

Notes

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

Capital work in progress aging schedule

(₹ In Lakhs)

Capital work in progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
Projects in progress	201.67	181.39	256.92	4,564.42	5,204.39
Projects temporarily suspended	-	-	-	-	-
As at 31 March 2021					
Projects in progress	181.39	256.92	33.92	4,530.51	5,002.73
Projects temporarily suspended	-	-	-	-	-

Capital work in progress completion schedule for projects where completion is overdue

(₹ In Lakhs)

Capital work in progress	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
HAS headquarters	-	-	-	5,193.56	5,193.56
As at 31 March 2021					
HAS headquarters	-	-	-	5,002.73	5,002.73

(d) Right-of-use asset

The details of the right-of-use asset held by the Company is as follows:

(₹ In Lakhs)

Office Premises	
At 1 April 2020	220.70
Additions	-
Disposals	24.69
At 31 March 2021	196.01
Additions	52.66
Disposals	0.58
At 31 March 2022	248.09
Depreciation	
At 1 April 2020	92.26
Additions	74.72
Disposals	8.67
At 31 March 2021	158.31
Additions	36.54
Disposals	0.26
At 31 March 2022	194.59
Net Block Value:	
At 31 March 2021	37.70
At 31 March 2022	53.50

Notes

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

(e) Intangible assets under development

(₹ In Lakhs)

Intangible assets under development	
At 1 April 2020	-
Additions	-
Disposals	-
At 31 March 2021	-
Additions	3.57
Disposals	-
At 31 March 2022	3.57

Intangible assets under development aging schedule

(₹ In Lakhs)

Intangible assets under development	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
Projects in progress	3.57	-	-	-	3.57
Projects temporarily suspended	-	-	-	-	-

12. OTHER NON-FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Prepaid expenses	135.89	7.78
Advances to employees	13.63	16.04
Re-possessed assets	178.54	176.00
Capital advances	4.50	-
Other advances	34.59	31.44
Total	367.15	231.26

13. PAYABLES

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(a) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,411.85	655.98
(b) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	155.43	100.92
Total	1,567.28	756.90

Notes

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

Trade Payables aging schedule

Particulars	Outstanding for following periods from due date of payment				(₹ In Lakhs)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2022					
(i) MSME	-	-	-	-	-
(ii) Others	1,209.38	178.73	22.46	1.28	1,411.85
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
As at 31 March 2021					
(i) MSME	-	-	-	-	-
(ii) Others	627.75	26.95	-	1.28	655.98
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as “the MSMED Act”) are given below:

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
(a) Dues remaining unpaid to any supplier at the year end		
- Principal	-	-
- Interest on above	-	-
(b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
(d) Amount of interest accrued and remaining unpaid	-	-
(e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

14. DEBT SECURITIES (AT AMORTISED COST)

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Secured debentures (refer note 14.1)		
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	10,000.00
- 500, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	5,000.00
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	10,000.00
Market Linked debenture (refer note 14.1)	36,500.00	6,500.00
Less: Unamortised borrowing costs	(296.95)	(88.48)
Total	36,203.05	31,411.52
Debt securities in India	36,203.05	31,411.52
Debt securities outside India	-	-
Total	36,203.05	31,411.52

Notes

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

14.1 Details of terms of redemption/repayment in respect of debt securities:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Debentures				
1000, 9.00% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	-	10,000.00	Coupon Rate: 9% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 Year and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
- 500, 9.00% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	-	5,000.00	Coupon Rate: 9% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 Year and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	-	10,000.00	Coupon Rate: 9% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 Year and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	6,500.00	6,500.00	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Years	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	10,000.00	-	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Years and 6 Months	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	10,000.00	-	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Years and 1 day	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	10,000.00	-	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Years and 2 months	Secured by a first ranking exclusive Hypothecation charge over Assets
Total debentures	36,500.00	31,500.00		

Notes

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

15. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
(a) Term loans (refer note 15.1)		
(i) from banks	1,83,086.33	1,10,752.20
(ii) from other parties (financial institutions)	34,810.56	35,102.40
(b) Loans repayable on demand from banks-cash credit/overdraft (Refer note below)	25,586.65	34,324.47
(c) Short term loans from banks (Refer note below)	1,26,494.07	1,12,796.22
(d) Borrowing under securitisation	5,003.21	-
Less: Unamortised borrowing costs	(1,708.03)	(999.99)
Total	3,73,272.79	2,91,975.30
Secured	3,70,789.67	2,89,496.03
Unsecured	2,483.12	2,479.27
Total	3,73,272.79	2,91,975.30
Borrowings in India	3,73,272.79	2,91,975.30
Borrowings outside India	-	-
Total	3,73,272.79	2,91,975.30

Note:

For Cash credit / Overdraft and short term loans

- (a) Cash credit / short term loans from banks are secured by hypothecation of movable assets of the Company and goods covered under hypothecation ("HP") agreements / Loan cum HP agreements and book debts, receivables, loans and advances and entire portfolio outstanding (except specific portfolio generated from various term loans sanctioned by various banks/financial institutions on an exclusive basis) and equitable mortgage/negative lien by deposit of title deeds on some of the Company's immovable properties, as collateral security. The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi, Mrs. Shweta Kamlesh Gandhi and Legal heirs of Late Mr. Mukesh Chimanlal Gandhi. Overdraft loans are secured against fixed deposits placed.
- (b) Interest rate range
Interest rate ranges from 2.90% p.a. to 11.00% p.a. as at 31 March 2022.
Interest rate ranges from 7.65% p.a. to 12.00% p.a. as at 31 March 2021.

The Company has not defaulted in repayment of borrowings and interest.

The Company has borrowings from banks or financial institutions on the basis of security of current assets and the quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts of the Company.

The carrying amount of financial assets which is hypothecated against all secured borrowing inclusive of margin requirement ranging from 1.10 times to 1.25 times is amounting to ₹ 4,56,236.99 lakhs (31 March 2021: ₹ 3,82,579.83 lakhs).

15.1 Details of terms of repayment in respect of term loans:

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term loans from banks (Refer note i)				
Term Loan - 1	1,600.00	2,400.00	Repayable in 12 Quarterly installments from 30 June 2021	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 2	9,166.67	-	Repayable in 12 Quarterly installments from 31 March 2022	Exclusive charge by way of hypothecation of on standard receivables of the Borrower

Notes

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

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 3	-	0.58	Repayable in 20 Quarterly installments from 30 September 2016.	Secured by a first ranking and exclusive charge on standard receivables of the Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 4	6,399.17	8,000.00	Repayable in 20 Quarterly installments from 30 June 2021.	Secured by a first ranking and exclusive charge on standard receivables of the Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 5	13,500.00	-	Repayable in 20 Quarterly installments from 05 November 2021.	Exclusive charge by way of hypothecation of standard book debts/ receivables which are to be financed by the company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 6	20,000.00	-	Repayable in 12 Quarterly installments from 30 June 2022.	Exclusive first charge on the specific loan portfolio of the Borrower by way of hypothecation on the loan installments receivables. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 7	3,500.00	-	Repayable in 36 monthly installments from 01 May 2022.	First Exclusive hypothecation charge on book debts created out of Bank Loan.
Term Loan - 8	9,497.65	-	Repayable in 20 Quarterly installments from 31 March 2022.	Exclusive charge by way of hypothecation of standard book debts/ receivables which are financed/ to be financed by the company out of the proposed term loan to the Company.
Term Loan - 9	5,454.57	7,500.00	Repayable in 33 monthly installments from 30 July 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 10	5,000.00	-	Repayable in 33 monthly installments from 30 July 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.

Notes

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

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 11	-	626.39	Repayable in 36 monthly installments from 7 August 2018.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 12	-	778.57	Repayable in 36 monthly installments from 7 September 2018.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 13	1,580.56	1,914.10	Repayable in 96 monthly installments from 7 April 2018.	First and exclusive charge on land, property and commercial property under construction.
Term Loan - 14	728.91	1,958.22	Repayable in 36 monthly installments from 7 November 2019.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 15	269.20	522.58	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 16	1,076.79	2,090.32	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 17	448.66	870.97	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 18	500.00	750.00	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 19	2,000.00	3,000.00	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 20	833.33	1,250.00	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 21	583.33	-	Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.

Notes

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

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 22	2,333.33		- Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 23	972.22		- Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 24	687.54		- Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 25	2,750.14		- Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 26	1,145.89		- Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed.
Term Loan - 27	-	208.33	Repayable in 36 monthly installments from 31 July 2018.	First and exclusive charge by way of hypothecation on the Company's book debts and loan installments receivables.
Term Loan - 28	2,666.67	4,000.00	Repayable in 36 monthly installments from 30 April 2021.	Secured by a first and exclusive charge on specific book debt and future receivables of the Company created/to be created out of the loan availed.
Term Loan - 29	-	4,583.33	Repayable in 36 monthly installments from 30 April 2019.	First exclusive charge of present and future book debts and receivables of the Company.
Term Loan - 30	-	2,536.36	Repayable in 11 Quarterly installments from 30 September 2019.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.

Notes

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

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 31	1,825.25	7,272.73	Repayable in 11 Quarterly installments from 30 December 2020.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 32	7,784.85	10,000.00	Repayable in 18 Quarterly installments from 30 December 2021.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 33	10,000.00	-	Repayable in 18 Quarterly installments from 24 September 2022.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 34	5,000.00	-	Repayable in 10 Quarterly installments from 14 December 2022.	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 35	4,165.85	-	Repayable in 12 Quarterly installments from 16 December 2021.	Exclusive charge by way of Hypothecation of book debt/receivables arising out of bank financial assets of the borrower.
Term Loan - 36	-	166.67	Repayable in 36 monthly installments from 1 August 2018.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 37	416.67	1,250.00	Repayable in 12 Quarterly installments from 30 November 2019.	Exclusive charge on specific standard book debts and receivables which are financed / to be financed by the Company out of the bank finance.
Term Loan - 38	750.00	3,750.00	Repayable in 8 Quarterly installments from 30 September 2020.	Exclusive charge by way of hypothecation of on standard receivables of the Borrower

Notes

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

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 39	734.57	4,879.76	Repayable in 12 Quarterly installments from 31 March 2020.	Exclusive charge by way of hypothecation of such of the book debts, which are financed/ to be financed by the Company out of the bank financed to the Company. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi.
Term Loan - 40	2,599.96	5,200.00	Repayable in 16 Quarterly installments from 30 September 2019.	Secured by Hypothecation of portfolio of the Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loan - 41	7,649.91	12,750.00	Repayable in 16 Quarterly installments from 29 February 2020.	Secured by Hypothecation of portfolio of the Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loan - 42	1,500.00	2,000.00	Repayable in 16 Quarterly installments from 26 June 2021.	Exclusive charge by way of hypothecation on book debts under standard assets portfolio of the borrower eligible for Bank finance.
Term Loan - 43	11,043.60	15,489.46	Repayable in 18 Quarterly installments from 31 December 2020.	Exclusive charge by the way of hypothecation on specific receivables of the Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 44	8,421.05	5,000.00	Repayable in 19 Quarterly installments from 30 September 2021.	Exclusive charge by the way of hypothecation on specific receivables of the Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 45	-	3.83	Repayable in 36 monthly installments from 5 July 2018.	Secured by hypothecation of the vehicle financed.

Notes

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

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 46	28,500.00		- Repayable in 20 Quarterly installments from 31 March 2022.	Exclusive charge by the way of hypothecation on specific receivables of the Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Total term loans from banks	1,83,086.33	1,10,752.20		

Note (i):

Interest rate ranges from 8.00% p.a. to 9.20 % p.a. as at 31 March 2022.

Interest rate ranges from 8.00% p.a. to 10.75% p.a. as at 31 March 2021.

Term loans from others (Refer note ii)				
Term Loans from a Financial Institution - 1	-	1,053.62	Repayable in 36 monthly installments from 15 March 2019.	Exclusive charge by way of hypothecation of specific standard receivable of the Company.
Term Loans from a Financial Institution - 2	-	1,705.72	Repayable in 36 monthly installments from 10 March 2019.	Secured by hypothecation of specific book debts created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 3	-	500.00	Repayable in 10 quarterly installments from 31 March 2019.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 4	-	1,666.67	Repayable in 36 monthly installments from 30 April 2019.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 5	763.89	1,597.22	Repayable in 36 monthly installments from 31 March 2020.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 6	1,983.33	3,116.67	Repayable in 36 monthly installments from 31 January 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 7	1,066.67	1,600.00	Repayable in 36 monthly installments from 30 April 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.

Notes

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

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loans from a Financial Institution - 8	2,500.00	2,500.00	Bullet Repayment on 17 August 2026.	N.A.
Term Loans from a Financial Institution - 9	4,166.67	-	- Repayable in 36 monthly installments from 31 October 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 10	-	1,300.00	Repayable in 9 monthly installments from 10 August 2020.	Secured by exclusive first charge by way of hypothecation on standard book debts of the Company. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 11	8,330.00	-	- Repayable in 9 monthly installments from 10 January 2022.	Secured by exclusive first charge by way of hypothecation on standard book debts of the Company. Personal Guarantee of Mr. Kamlesh Gandhi
Term Loans from a Financial Institution - 12	-	62.50	Repayable in 10 quarterly installments from 10 March 2020.	Exclusive first charge by way of hypothecation of book debts and receivables of secured loans provided by the Borrower. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 13	16,000.00	20,000.00	Repayable in 20 Quarterly installments from 30 June 2021.	Exclusive charge by way of hypothecation of the specific receivables/book debts. Liquid collateral of 10% of the sanctioned amount.
Total term loans from others	34,810.56	35,102.40		

Note (ii):

Interest rate ranges from 5.75% p.a. to 10.00 % p.a. as at 31 March 2022.

Interest rate ranges from 6.32% p.a. to 11.15% p.a. as at 31 March 2021.

Note: The above table doesn't include associated liabilities to securitized asset that has been re-recognised due to non fulfilment of derecognition criteria as per Ind AS amounting to ₹ 5,003.21 lakhs.

Notes

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

16. SUBORDINATED LIABILITIES (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Unsecured debentures (refer note 16.1)		
- 400, 14.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	4,000.00	4,000.00
- 200, 13.50% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	2,000.00
- 50, 10.75% Redeemable, Non-Convertible Debentures of ₹ 100,00,000 each	5,000.00	-
- 500, 10.75% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	5,000.00	-
Less: Unamortised borrowing costs	(278.45)	(3.45)
Total	13,721.55	5,996.55
Subordinated liabilities in India	13,721.55	5,996.55
Subordinated liabilities outside India	-	-
Total	13,721.55	5,996.55

16.1 Details of terms of repayment in respect of subordinated liabilities:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Subordinated liabilities				
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each	4,000.00	4,000.00	Coupon Rate: 13.00% p.a. Coupon Payment frequency: Quarterly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 7 years	N.A.
200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each	-	2,000.00	Coupon Rate: 13.50% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 6 years and 6 months	N.A.
50, 10.75% unsecured, rated, listed, redeemable, subordinated, taxable, transferable, non-convertible debentures of ₹ 100 lakhs each	5,000.00	-	- Coupon Rate: 10.75% p.a. Coupon Payment frequency : Monthly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 5 years and 7 months	N.A.
500, 10.75% unlisted, subordinated, unsecured, redeemable, non-convertible debentures of ₹ 10 lakhs each	5,000.00	-	- Coupon Rate: 10.75% p.a. Coupon Payment frequency : Monthly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 6 years	N.A.
Total subordinated liabilities	14,000.00	6,000.00		

Notes

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

17. OTHER FINANCIAL LIABILITIES

	As at 31 March 2022	As at 31 March 2021
(₹ In Lakhs)		
Interest accrued but not due on borrowings	2,936.21	2,198.74
Interest accrued but not due on others	1,418.85	2,570.49
Dues to the assignees towards collections from assigned receivables	12,766.42	26,185.14
Security deposits received from borrowers	27,453.98	31,905.41
Advances received against loan agreements	800.50	-
Unpaid dividend on equity shares	1.96	1.83
Dealer advances	228.61	266.90
Lease liability	56.52	46.38
Provision for Interest on Interest waiver	-	78.67
Other payable	96.38	-
Total other financial liabilities	45,759.43	63,253.56

18. PROVISIONS

	As at 31 March 2022	As at 31 March 2021
(₹ In Lakhs)		
Provision for employee benefits (Refer note 41)		
Compensated absences	17.05	7.07
Gratuity	7.83	5.10
Provision for unspent CSR liability	690.91	384.21
Total provisions	715.79	396.38

19. OTHER NON-FINANCIAL LIABILITIES

	As at 31 March 2022	As at 31 March 2021
(₹ In Lakhs)		
Statutory remittances	130.93	236.55
Financial guarantee liability	1.60	2.82
Unearned income on assigned loans	4,293.73	4,330.91
Income received in advance	764.44	965.53
Total other non-financial liabilities	5,190.70	5,535.81

20. EQUITY SHARE CAPITAL

	As at 31 March 2022	As at 31 March 2021
(₹ In Lakhs)		
Authorized shares:		
6,40,00,000 : Equity Shares of ₹ 10 each (As at 31 March 2021: 6,40,00,000 Equity Shares of ₹ 10 each)	6,400.00	6,400.00
2,20,00,000 : 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2021: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
2,20,00,000 : 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2021: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
400 : 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each (As at 31 March 2021: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each)	400.00	400.00
	11,200.00	11,200.00
Issued, subscribed and fully paid-up shares:		
5,46,62,043 : Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2021: 5,46,62,043 Equity Shares of ₹ 10 each)	5,466.20	5,466.20
	5,466.20	5,466.20

Notes

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

20.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Equity Shares				
Outstanding at the beginning of the year	5,46,62,043	5,466.20	5,46,62,043	5,466.20
Issued during the year	-	-	-	-
Outstanding at the end of the year	5,46,62,043	5,466.20	5,46,62,043	5,466.20

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

Class of shares / Name of shareholder	As at 31 March 2022		As at 31 March 2021	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Shweta Kamlesh Gandhi	1,63,38,450	29.89%	1,63,38,450	29.89%
Mukesh C. Gandhi (Refer note below)	1,61,56,814	29.56%	1,61,56,814	29.56%
Kamlesh C. Gandhi	63,04,508	11.53%	62,86,833	11.50%
Vistra ITCL I Ltd Business Excellence Trust III India Business	40,44,579	7.40%	40,44,579	7.40%
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund	27,52,094	5.03%	27,64,059	5.06%

Note: Mr. Mukesh C. Gandhi has passed away on 19 January 2021.

20.3 Details of bonus shares issued during the five years immediately preceding the balance sheet date:

2,40,00,188 equity shares of ₹ 10 each fully paid-up were allotted as bonus shares by capitalisation of general reserve and balance from the statement of profit and loss during the year ended 31 March 2017.

20.4 The Company has neither allotted any share pursuant to contracts without payment being received in cash nor has it bought back any shares during the preceding period of 5 financial years.

20.5 Terms / rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

20.6 Details of shares held by promoters (including promoter group) of the Company:

Promoter and promoter group name	Shares held by promoters at 31 March 2022		Shares held by promoters at 31 March 2021		% Change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
Equity shares					
Shweta Kamlesh Gandhi	1,63,38,450	29.89%	1,63,38,450	29.89%	0.00%
Mukesh C. Gandhi (Refer above above)	1,61,56,814	29.56%	1,61,56,814	29.56%	0.00%
Kamlesh C. Gandhi	63,04,508	11.53%	62,86,833	11.50%	0.28%
Prarthana Marketing Private Limited	13,12,557	2.40%	13,10,057	2.40%	0.19%
Anamaya Capital LLP	94,994	0.17%	94,994	0.17%	0.00%
Dhvanil K. Gandhi	34,619	0.06%	34,619	0.06%	0.00%
Dhriti K. Gandhi	12,054	0.02%	12,054	0.02%	0.00%

Notes

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

21. OTHER EQUITY (REFER NOTE 21.1)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Other equity (Refer note 21.1)		
Reserve u/s. 45-IC of RBI Act, 1934		
Outstanding at the beginning of the year	17,392.07	14,522.01
Additions during the year	3,156.53	2,870.06
Outstanding at the end of the year	20,548.60	17,392.07
Securities premium		
Outstanding at the beginning of the year	42,687.43	42,687.43
Additions during the year	-	-
Outstanding at the end of the year	42,687.43	42,687.43
Retained earnings		
Outstanding at the beginning of the year	39,634.96	28,104.57
Profit for the year	15,782.64	14,350.30
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	(8.30)	50.15
	55,409.30	42,505.02
Appropriations:		
Transfer to reserve u/s. 45-IC of RBI Act, 1934	(3,156.53)	(2,870.06)
Final dividend on equity shares	(819.93)	-
Interim dividend on equity shares	(683.28)	-
Total appropriations	(4,659.74)	(2,870.06)
Retained earnings	50,749.56	39,634.96
Other comprehensive income		
Outstanding at the beginning of the year	12,076.21	7,310.18
Loans and advances fair valued through other comprehensive Income	(1,001.19)	936.29
Impairment on loans and advances through OCI	67.08	4,065.39
Income tax relating to items that will be reclassified to profit or loss	251.98	(235.65)
Other comprehensive income for the year, net of tax	11,394.08	12,076.21
Total other equity	1,25,379.67	1,11,790.67

21.1 Nature and purpose of reserve

1 Reserve u/s. 45-IC of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934")

Reserve u/s. 45-IC of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

3 Retained earnings

Retained earnings is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings with separate disclosure, which comprises of:

- actuarial gains and losses;
- return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Notes

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

4 Other comprehensive income

On equity investments

The Company has elected to recognise changes in the fair value of investments in equity securities (other than investment in subsidiary) in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

On loans

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity. The Company transfers amounts from this reserve to the statement of profit and loss when the loans and advances are sold. Further, impairment loss allowances on the loans are recognised in OCI.

21.2 Equity dividend paid and proposed

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Declared and paid during the year		
Dividends on equity shares:		
Final dividend for 31 March 2021: ₹ 1.5 per share (31 March 2020: ₹ Nil per share)	819.93	-
Interim dividend for 31 March 2022: ₹ 1.25 per share (31 March 2021 : ₹ Nil per share)	683.28	-
Total dividends paid	1,503.21	-

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Proposed for approval at Annual General Meeting (not recognised as a liability)		
Dividend on equity shares:		
Final dividend for 31 March 2022: ₹ 1.75 per share (31 March 2021: ₹ 1.5 per share)	956.59	819.93

22. INTEREST INCOME

(₹ In Lakhs)

	Year ended 31 March 2022				Year ended 31 March 2021			
	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total
Interest on loans	51,550.41	36.48	-	51,586.89	43,935.16	-	-	43,935.16
Interest income from investments	-	1,121.39	643.65	1,765.04	-	41.45	64.95	106.40
Interest on deposits with banks	-	2,391.36	-	2,391.36	-	2,913.80	-	2,913.80
Other interest income	292.76	912.26	-	1,205.02	586.96	871.32	-	1,458.28
Total	51,843.17	4,461.49	643.65	56,948.31	44,522.12	3,826.57	64.95	48,413.64

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

23. NET GAIN ON FAIR VALUE CHANGES

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Net gain on financial instruments at fair value through profit or loss - investments	499.12	56.32
Fair value changes:		
- Realised	187.02	29.90
- Unrealised	312.10	26.42
Total	499.12	56.32

24. OTHER INCOME

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Rental income	9.60	11.71
Net gain/(loss) on derecognition of property, plant and equipment	-	(1.16)
Dividend income	66.08	39.19
Net gain on sale of investments measured at amortized cost	23.28	-
Gain on derecognition of leased asset	0.07	2.81
Income from non-financing activity	51.55	11.64
Total	150.58	64.19

25. FINANCE COST (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Interest on debt securities	3,887.83	1,478.89
Interest on borrowings	22,418.02	19,430.03
Interest on subordinated liabilities	1,019.79	790.00
Other interest expense	2,954.11	3,538.23
Other borrowing cost	1,669.93	1,202.87
Lease liability interest obligation	4.11	9.06
Total	31,953.79	26,449.08

26. IMPAIRMENT ON FINANCIAL ASSETS

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Loans		
- Expected credit loss (On financial instruments measured at FVOCI)	67.03	4,065.44
- Expected credit loss (On financial instruments measured at amortised cost)	30.70	-
- Write off (net of recoveries)	3,010.64	3,420.66
- Loss on sale of repossessed assets	248.60	351.42
Investments		
- Expected credit loss (On financial instruments measured at amortised cost)	52.69	2.52
Total	3,409.66	7,840.04

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

27. EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and wages	3,972.91	2,746.20
Contribution to provident fund and other funds	153.97	153.23
Gratuity expense (Refer note 41)	47.99	49.50
Staff welfare expenses	48.15	23.96
Total	4,223.02	2,972.89

(₹ In Lakhs)

28. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on property, plant and equipment	135.34	132.82
Amortisation of intangible assets	5.73	5.44
Right-of-use asset depreciation	36.54	74.72
Total	177.61	212.98

(₹ In Lakhs)

29. OTHER EXPENSES

	Year ended 31 March 2022	Year ended 31 March 2021
Rent	223.97	148.70
Rates and taxes	14.88	15.99
Stationery and printing	62.52	39.76
Telephone	54.21	51.82
Electricity	68.93	54.56
Postage and courier	71.65	40.46
Insurance	73.20	99.91
Conveyance	100.41	58.95
Travelling	162.58	52.97
Repairs and maintenance:		
Building	19.70	1.27
Others	140.26	66.37
Professional fees	518.86	458.00
Payment to auditors (Refer note below)	50.43	62.32
Directors' sitting fees	8.50	9.27
Legal expenses	56.83	49.99
Bank charges	139.51	145.08
Advertisement expenses	67.99	11.81
Sales promotion expenses	9.28	2.27
Recovery contract charges	14.22	35.93
Corporate social responsibility expenditure (Refer note 34)	440.87	417.64
Miscellaneous expenses	205.96	177.19
Total	2,504.76	2,000.26
Note: Payment to auditors (including taxes)		
As auditor:		
Statutory audit	18.07	25.07
Limited review of quarterly results	23.81	29.43
Other services	6.59	7.63
Reimbursements of expenses	1.96	0.19
	50.43	62.32

(₹ In Lakhs)

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

30. TAX EXPENSES

The components of income tax expense for the years ended 31 March 2022 and 31 March 2021 are:

	(₹ In Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Current tax	5,423.01	5,809.77
Adjustment in respect of current income tax of prior years	(50.36)	-
Deferred tax	11.51	(870.78)
Total tax charge	5,384.16	4,938.99
Current tax	5,372.65	5,809.77
Deferred tax	11.51	(870.78)

30.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2022 and 31 March 2021 is, as follows:

	(₹ In Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Accounting profit before tax	21,166.80	19,289.29
Applicable tax rate	25.17%	25.17%
Computed tax expense	5,327.26	4,854.73
Tax effect of :		
Exempted income	(20.70)	(0.88)
Non deductible items	196.75	113.93
Adjustment in respect of current income tax of prior years	(50.36)	-
Others	(68.79)	(28.79)
Tax expenses recognised in the statement of profit and loss	5,384.16	4,938.99
Effective tax rate	25.44%	25.60%

30.2 Deferred tax

	(₹ In Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Deferred tax asset / liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	2,116.67	1,498.41
Credit / (charge) for loans and advances through OCI	251.98	(235.65)
Credit / (charge) for remeasurement of the defined benefit liabilities	2.79	(16.87)
Credit / (charge) to the statement of profit and loss	(11.51)	870.78
At the end of year DTA / (DTL) (net)	2,359.93	2,116.67

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

	As at 31 March 2021	Statement of profit and loss	OCI	(₹ In Lakhs) As at 31 March 2022
Component of deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between written down value of fixed assets as per books of accounts and income tax	(37.61)	(6.47)	-	(44.08)
Deferred tax on fair value of investments	(1.71)	-	-	(1.71)
Impact of fair value of assets	(357.71)	-	251.98	(105.73)
Income taxable on realised basis	6.36	(8.80)	-	(2.44)
Deferred tax on prepaid finance charges	(1.48)	(27.28)	-	(28.76)
Impairment on financial assets	2,497.78	37.85	-	2,535.63
Recognition of lease liability and right to use asset	2.18	(1.42)	-	0.76
Expenses allowable on payment basis	8.86	(5.39)	2.79	6.26
Total	2,116.67	(11.51)	254.77	2,359.93

	As at 1 April 2020	Statement of profit and loss	OCI	(₹ In Lakhs) As at 31 March 2021
Component of deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between written down value of fixed assets as per books of accounts and income tax	(35.82)	(1.79)	-	(37.61)
Deferred tax on fair value of investments	(1.71)	-	-	(1.71)
Impact of fair value of assets	(122.06)	-	(235.65)	(357.71)
Income taxable on realised basis	167.11	(160.75)	-	6.36
Deferred tax on prepaid finance charges	(3.51)	2.03	-	(1.48)
Impairment on financial assets	1,474.04	1,023.74	-	2,497.78
Recognition of lease liability and right to use asset	4.53	(2.35)	-	2.18
Expenses allowable on payment basis	15.83	9.90	(16.87)	8.86
Total	1,498.41	870.78	(252.52)	2,116.67

30.3 Current tax liabilities

	As at 31 March 2022	(₹ In Lakhs) As at 31 March 2021
Provision for tax [net of advance tax of ₹ 5,197.88 lakhs (31 March 2021: ₹ 4,632.93 lakhs)]	225.13	1,176.84

30.4 Income tax assets

	As at 31 March 2022	(₹ In Lakhs) As at 31 March 2021
Income tax assets [net of provision for tax of ₹ 28,103.86 lakhs (31 March 2021: ₹ 22,294.09 lakhs)]	623.33	592.40

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

31. EARNINGS PER SHARE

(A) Basic earnings per share

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ In Lakhs)		
Net profit for the year attributable to equity shareholders (basic)	15,782.64	14,350.30
Weighted average number of equity shares of ₹ 10 each	5,46,62,043	5,46,62,043
Basic earnings per share of face value of ₹ 10 each (in ₹)	28.87	26.25

(B) Diluted earnings per share

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ In Lakhs)		
Net profit for the year attributable to equity shareholders (diluted)	15,782.64	14,350.30
Weighted average number of equity shares of ₹ 10 each	5,46,62,043	5,46,62,043
Diluted earnings per share of face value of ₹ 10 each (in ₹)	28.87	26.25

32. AMORTISING THE GAIN ON ASSIGNMENT OF FINANCIAL ASSETS OVER THE RESIDUAL TENURE INSTEAD OF BOOKING UPFRONT:

Disclosure requirement as per para 20 of Ind AS 1 'Presentation of Financial Statements' is as follows:

On derecognition of loans in its entirety upon assignment, as per Ind AS 109 'Financial Instruments', the Company is required to recognise the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including new asset obtained less any new liability assumed) as gain immediately in the statement of profit or loss.

The Company is of view that the accounting treatment prescribed in Ind AS 109 inflates the income at the time of assignment and leads to reporting higher earnings per share, potentially higher dividend pay-out and improved capital adequacy ratio and will not present true and fair view of the entity's financial position, financial performance and cash flows. Therefore, the management of the Company has exercised their judgement under para 19 of Ind AS 1 and has departed from the aforementioned requirement of Ind AS 109. The Company is complying with the applicable Ind AS except for the particular requirement of Ind AS 109 as mentioned above.

As per current practice, such gains are recognised as 'unearned income on assigned loans' under the head 'other non-financial liabilities' and is amortised in the statement of profit and loss over the period of the underlying residual tenure of the assigned loan portfolio while related assets and liabilities are recorded at the fair value as per Ind AS requirement.

If the Company had complied with Ind AS 109, the financial impact on the following items [Increase / (decrease)] in the financial statements would have been as under:

(A) Impact on Statement of Profit and Loss items:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(₹ In Lakhs)		
Gain on assignment of financial assets	(37.18)	(3,394.64)
Profit before tax	(37.18)	(3,394.64)
Deferred tax expense / (Credit)	(9.36)	(854.36)
Profit after tax	(27.82)	(2,540.28)
Basic / Diluted EPS	(0.05)	(4.65)

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(B) Impact on Balance Sheet items:

Particulars	(₹ In Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Other equity	3,212.92	3,240.74
Other non-financial liabilities	(4,293.73)	(4,330.91)
Deferred tax asset	(1,080.81)	(1,090.17)

Further, NBFC industry body Finance Industry Development Council which is represented by more than 100 NBFCs is also of the same view.

33. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
(A) Contingent liabilities		
I) Guarantees given on behalf of subsidiary company: (Refer note i)		
a) To banks		
Amount of guarantees ₹ Nil (31 March 2021: ₹ 1,000 lakhs)		
Amount of loans outstanding	-	107.14
b) To National Housing Bank ("NHB")		
Amount of guarantees ₹ 500 lakhs (31 March 2021: ₹ 500 lakhs)		
Amount of loan outstanding	111.31	144.07
(B) Commitments		
I) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
Property, plant & equipment and Capital work in progress	138.00	-
II) Loan commitments for sanctioned but not disbursed amount	4,500.00	135.00

Notes:

- 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.

34. CORPORATE SOCIAL RESPONSIBILITY ("CSR") EXPENSES:

The average profit before tax of the Company for the last three financial years was ₹ 22,043.33 lakhs, basis which the Company was required to spend ₹ 440.87 lakhs towards CSR activities for the current financial year (31 March 2021: ₹ 417.64 lakhs).

a) Amount spent during the year on:

Particulars	31 March 2022			31 March 2021		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purpose other than (i) above	42.00	398.87	440.87	33.43	384.21	417.64

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

b) The Company has not made any transaction with related parties in relation to CSR expenditure as per Ind AS 24.

c) In case of Section 135(6): Details of on-going projects

(₹ In Lakhs)

F. Y.	Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
	With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
2021-22	-	384.21	440.87	42.00	92.17	398.87	292.04
2020-21	Nil	N.A.	417.64	33.43	-	384.21	-

Note: Unspent CSR amount of ₹ 384.21 lakhs for FY 2020-21 was deposited in unspent CSR bank account on 28 April 2021. Unspent amount of ₹ 398.87 lakhs available with the Company shall be transferred to an unspent CSR account by end of 30 April 2022.

d) **Reason for shortfall:** The Company has on-going projects and it is spending the said amount as per pre-approved on-going projects. For more details, refer annexure of Director's report on CSR.

e) **Nature of CSR activities:** Promoting education, eradicating hunger, poverty & malnutrition, promoting health care and such other activities. For more details, refer annexure of Director's report on CSR.

35. SEGMENT REPORTING:

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

36. RELATED PARTY DISCLOSURES:

(a) Related party disclosures as required by Ind AS 24 - Related Party Disclosures.

List of related parties and relationships:

Sr. No.	Nature of relationship	
1	Subsidiary	AAAS Rural Housing & Mortgage Finance Limited
2	Key management personnel ("KMP") (where there are transactions)	Mr. Kamlesh C. Gandhi (Chairman and managing director) 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 (where there are transactions)	Prarthna Marketing Private Limited Anamaya Capital LLP Mrs. Shweta K. Gandhi (relative of KMP) Mr. Dhvanil K. Gandhi (relative of KMP) Mr. Saumil D. Pandya (relative of KMP) Ms. Dhriti K. Gandhi (relative of KMP) Umesh Rajanikant Shah HUF (relative of KMP) Pauravi Umesh Shah (relative of KMP)

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Transactions with related parties are as follows:

(₹ In Lakhs)

	Year ended 31 March 2022			
	Subsidiary	Key management personnel	Other related parties	Total
Rent income	9.60	-	-	9.60
Recovery contract charges received	3.32	-	-	3.32
Expenditure reimbursed by	979.50	-	-	979.50
Remittances of collection received on behalf of	59.82	-	-	59.82
Remuneration (including bonus)	-	414.94	78.67	493.61
Dividend received	66.08	-	-	66.08
Dividend paid	-	617.73	489.64	1,107.37
Investment	1,000.00	-	-	1,000.00
Sitting fees	-	7.80	-	7.80

(₹ In Lakhs)

	Year ended 31 March 2021			
	Subsidiary	Key management personnel	Other related parties	Total
Rent income	11.71	-	-	11.71
Recovery contract charges received	2.40	-	-	2.40
Expenditure reimbursed by	12.59	-	-	12.59
Remittances of collection received on behalf of	36.47	-	-	36.47
Remuneration (including bonus)	-	39.56	64.70	104.26
Dividend received	39.19	-	-	39.19
Sitting fees	-	8.50	-	8.50

Balances outstanding from related parties are as follows:

(₹ In Lakhs)

	As at 31 March 2022			
	Subsidiary	Key management personnel	Other related parties	Total
Bonus payable	-	22.70	2.10	24.80
Investment	4,485.36	-	-	4,485.36
Guarantees outstanding	111.31	-	-	111.31

(₹ In Lakhs)

	As at 31 March 2021			
	Subsidiary	Key management personnel	Other related parties	Total
Bonus payable	-	1.20	1.92	3.12
Investment	3,344.98	-	-	3,344.98
Guarantees outstanding	251.21	-	-	251.21

Financial guarantee commission income amounts to ₹ 1.22 lakhs (31 March 2021: ₹ 2.51 lakhs) on account of fair valuation of corporate financial guarantee given to bank on behalf of subsidiary.

All transactions with these related parties are priced on an arm's length basis. None of the balances is secured.

Key managerial personnel who are under the employment of the Company are entitled to post employment benefits and other employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Transactions with key management personnel are as follows:

	(₹ In Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Post-employment benefits	1.23	2.68
Other long term employment benefits	4.46	0.38
	5.69	3.06

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

(b) Disclosures as per Regulation 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements Regulations, 2015).

Loans and advances in the nature of loans to companies in which directors are interested as under:

(₹ In Lakhs)					
Sr. No.	Name	As at 31 March 2022	Maximum balance outstanding during the year ended 31 March 2022	As at 31 March 2021	Maximum balance outstanding during the year ended 31 March 2021
1	M Power Micro Finance Private Limited	-	-	-	1,305.11

* The director interested in M Power Micro Finance Private Limited redeemed his holding on 23 October 2020 and hence, the disclosures made are of maximum balance outstanding up to that date.

37. OFFSETTING

Following table represents the recognised financial assets that are offset, or subject to enforceable master netting arrangements and other similar arrangements but not offset, as at 31 March 2022 and 31 March 2021. The column 'net amount' shows the impact of the Company's balance sheet if all the set-off rights were exercised.

(₹ In Lakhs)					
	Effect of offsetting on the balance sheet			Related amount not offset	
	Gross amounts	Gross amount off set in balance sheet (refer note 1)	Net amount presented in balance sheet	Financial instrument collateral (refer note 2)	Net amount
31 March 2022					
Loans and advances	4,55,969.91	589.71	4,55,380.20	28,872.83	4,26,507.37
31 March 2021					
Loans and advances	3,83,459.23	2,945.83	3,80,513.40	34,475.90	3,46,037.50

Note:

- ₹ 589.71 lakhs (31 March 2021: ₹ 2,945.83 lakhs) represents advances received against loan agreements.
- ₹ 28,872.83 lakhs (31 March 2021: ₹ 34,475.90 lakhs) represents security deposits received from borrowers.

38. EVENTS AFTER THE REPORTING PERIOD

Ind AS 10 'Events after the Reporting Period', requires an entity to evaluate information available after the balance sheet date to determine if such information constitutes an adjusting event, which would require an adjustment to the financial statements, or a non-adjusting event, which would only require disclosure. There have been no events after the reporting date that require disclosure in these financial statements.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

39. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to the statement of profit and loss:

	(₹ In Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Type of income		
Others	1,721.90	1,804.62
Total revenue from contracts with customers	1,721.90	1,804.62
Geographical markets		
India	1,721.90	1,804.62
Outside India	-	-
Total revenue from contracts with customers	1,721.90	1,804.62
Timing of revenue recognition		
Services transferred at a point in time	1,721.90	1,804.62
Services transferred over time	-	-
Total revenue from contracts with customers	1,721.90	1,804.62

40. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	27,349.84	-	27,349.84	96,505.14	-	96,505.14
Bank balance other than cash and cash equivalents	53,657.66	2,072.84	55,730.50	1,043.21	2,137.54	3,180.75
Trade receivables	100.41	-	100.41	221.45	-	221.45
Loans	2,78,870.16	1,76,510.04	4,55,380.20	2,30,040.95	1,50,472.45	3,80,513.40
Investments	15,768.78	38,037.24	53,806.02	6,107.17	17,396.19	23,503.36
Other financial assets	4,351.33	910.39	5,261.72	3,979.29	785.55	4,764.84
Non-financial assets						
Income tax assets (net)	-	623.33	623.33	-	592.40	592.40
Deferred tax assets (net)	-	2,359.93	2,359.93	-	2,116.67	2,116.67
Property, plant and equipment	-	1,239.03	1,239.03	-	1,081.27	1,081.27
Capital work-in-progress	-	5,204.39	5,204.39	-	5,002.73	5,002.73
Right-of-use asset	14.29	39.21	53.50	32.45	5.25	37.70
Intangible assets under development	-	3.57	3.57	-	-	-
Other intangible assets	-	22.00	22.00	-	8.76	8.76
Other non-financial assets	367.15	-	367.15	231.26	-	231.26
Total assets	3,80,479.62	2,27,021.97	6,07,501.59	3,38,160.92	1,79,598.81	5,17,759.73
LIABILITIES						
Financial liabilities						
Trade payables	1,411.85	-	1,411.85	655.98	-	655.98
Other payables	155.43	-	155.43	100.92	-	100.92
Debt securities	6,464.63	29,738.42	36,203.05	24,976.34	6,435.18	31,411.52

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Borrowings (other than debt securities)	2,38,508.47	1,34,764.32	3,73,272.79	2,06,099.26	85,876.04	2,91,975.30
Subordinated liabilities	4,000.00	9,721.55	13,721.55	1,996.55	4,000.00	5,996.55
Other financial liabilities	31,121.11	14,638.32	45,759.43	49,253.17	14,000.39	63,253.56
Non-financial liabilities						
Current tax liabilities (net)	225.13	-	225.13	1,176.84	-	1,176.84
Provisions	9.60	706.19	715.79	-	396.38	396.38
Other non-financial liabilities	4,041.91	1,148.79	5,190.70	4,398.23	1,137.58	5,535.81
Total liability	2,85,938.13	1,90,717.59	4,76,655.72	2,88,657.29	1,11,845.57	4,00,502.86
Net	94,541.49	36,304.38	1,30,845.87	49,503.63	67,753.24	1,17,256.87

41. EMPLOYEE BENEFIT PLAN

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefits are as under:

(a) Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹ 129.12 lakhs (31 March 2021: ₹ 126.89 lakhs) and employee state insurance scheme aggregating ₹ 13.45 lakhs (31 March 2021: ₹ 15.75 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

Financial assets not measured at fair value

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The status of gratuity plan as required under Ind AS 19 is as under:

	As at 31 March 2022	As at 31 March 2021
(₹ In Lakhs)		
i. Reconciliation of opening and closing balances of defined benefit obligation		
Present value of defined benefit obligations at the beginning of the year	283.78	294.76
Current service cost	49.33	48.44
Interest cost	18.92	19.84
Benefits paid	(17.59)	(8.37)
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in demographic assumptions	(5.62)	(5.74)
Change in financial assumptions	(3.00)	-
Experience adjustments	16.41	(65.15)
Present value of defined benefit obligations at the end of the year	342.23	283.78
ii. Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at the beginning of the year	278.68	249.11
Interest income	20.27	18.78
Return on plan assets excluding amounts included in interest income	(3.31)	(3.88)
Contributions by the Company	56.35	23.04
Benefits paid	(17.59)	(8.37)
Fair value of plan assets at the end of the year	334.40	278.68
iii. Reconciliation of the present value of defined benefit obligation and fair value of plan assets		
Present value of defined benefit obligations at the end of the year	342.23	283.78
Fair value of plan assets at the end of the year	334.40	278.68
Net asset / (liability) recognized in the balance sheet as at the end of the year	(7.83)	(5.10)

iv. Composition of plan assets

100% of plan assets are administered by LIC.

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ In Lakhs)		
v. Expense recognised during the Year		
Current service cost	49.33	48.44
Interest cost	(1.34)	1.06
Expenses recognised in the statement of profit and loss	47.99	49.50
vi. Other comprehensive income		
Components of actuarial gain/losses on obligations:		
Due to change in financial assumptions	(3.00)	-
Due to change in demographic assumption	(5.62)	(5.74)
Due to experience adjustments	16.41	(65.15)
Return on plan assets excluding amounts included in interest income	3.31	3.88
Components of defined benefit costs recognised in other comprehensive income	11.10	(67.01)

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
vii. Principal actuarial assumptions		
Discount rate (per annum)	6.95%	6.85%
Rate of return on plan assets (p.a.)	6.95%	6.85%
Annual increase in salary cost	8.00%	8.00%
Withdrawal rates per annum		
25 and below	20.00%	10.00%
26 to 35	15.00%	8.00%
36 to 45	10.00%	6.00%
46 to 55	5.00%	4.00%
56 and above	5.00%	2.00%

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

viii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Defined benefit obligation (Base)	342.23	283.78

(₹ In Lakhs)

	Year ended 31 March 2022		Year ended 31 March 2021	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	357.65	327.86	299.98	268.83
(% change compared to base due to sensitivity)	4.50%	-4.20%	5.71%	-5.26%
Salary growth rate (- / + 0.5%)	330.50	354.74	271.30	296.98
(% change compared to base due to sensitivity)	-3.43%	3.66%	-4.40%	4.65%
Withdrawal rate (W.R.) (W.R. x 90% / W.R. x 110%)	343.66	340.85	284.86	282.75
(% change compared to base due to sensitivity)	0.42%	-0.40%	0.38%	-0.36%

ix. Asset liability matching strategies

The Company contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

x. Effect of plan on the Company's future cash flows

a) Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Maturity profile of defined benefit obligation

The average outstanding term of the obligations (years) as at valuation date is 9.09 years.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

		(₹ In Lakhs)
	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1 st Following Year	26.39	3.80%
2 nd Following year	27.13	3.90%
3 rd Following Year	26.53	3.80%
4 th Following Year	26.65	3.80%
5 th Following Year	28.02	4.00%
Sum of years 6 to 10	148.69	21.20%

The future accrual is not considered in arriving at the above cash-flows.

The expected contribution for the next year is ₹ 7.83 lakhs.

c) Other long term employee benefits

The liability for compensated absences as at 31 March 2022 is ₹ 17.05 lakhs and as at 31 March 2021 is ₹ 7.07 lakhs.

Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the provident fund Act and the gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry of Labour and Employment. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

42. FINANCIAL INSTRUMENT AND FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

A. Measurement of fair values

i) Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

ii) Transfers between levels 1 and 2

There has been no transfer in between level 1 and level 2.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

iii) Valuation techniques

Loans

The Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last month of the year end which is an unobservable input and therefore these has been considered to be fair valued using level 3 inputs.

Investments measured at FVTPL

Fair values of market linked debentures have been determined under level 1 using quoted market prices of the underlying instruments. Fair value of investment in alternate investment funds and mutual funds have been determined under level 2 using observable input. For fair value of investment in OCPS of subsidiary, the Company has used incremental borrowing rate and applied discounted cash flow model and accordingly measured under level 3.

B. Accounting classifications and fair values

The carrying amount and fair value of financial instruments including their levels in the fair value hierarchy presented below:

(₹ In Lakhs)

As at 31 March 2022	Carrying amount			Fair value			
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Loans measured at FVOCI	- 4,51,322.09	-	-	-	- 4,51,322.09		4,51,322.09
Investments measured at FVTPL	-	- 32,583.14	26,296.65	4,021.96	2,264.53		32,583.14
	- 4,51,322.09	32,583.14					
Financial assets not measured at fair value¹							
Cash and cash equivalents	27,349.84	-	- 27,349.84	-	-		27,349.84
Bank balance other than cash and cash equivalents	55,730.50	-	- 55,730.50	-	-		55,730.50
Trade receivables	100.41	-	-	-	-	100.41	100.41
Loans measured at amortised cost	4,058.11	-	-	-	-	4,088.81	4,088.81
Investment measured at amortised cost	19,002.05	-	-	-	-	19,057.26	19,057.26
Other financial assets	5,261.72	-	-	-	-	5,258.15	5,258.15
	1,11,502.63	-	-				
Financial liabilities not measured at fair value¹							
Trade payables	1,411.85	-	-	-	-	1,411.85	1,411.85
Other payables	155.43	-	-	-	-	155.43	155.43
Debt securities	36,203.05	-	-	-	-	38,322.32	38,322.32
Borrowings (other than debt securities)	3,73,272.79	-	-	-	-	3,74,970.50	3,74,970.50
Subordinated liabilities	13,721.55	-	-	-	-	14,019.98	14,019.98
Other financial liabilities	45,759.43	-	-	-	-	45,759.43	45,759.43
	4,70,524.10	-	-				

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

As at 31 March 2021	Carrying amount			Fair value			
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Loans measured at FVOCI	-	3,80,513.40	-	-	-	3,80,513.40	3,80,513.40
Investments measured at FVTPL	-	-	14,721.02	11,566.97	2,029.90	1,124.15	14,721.02
	-	3,80,513.40	14,721.02				
Financial assets not measured at fair value¹							
Cash and cash equivalents	96,505.14	-	-	96,505.14	-	-	96,505.14
Bank balance other than cash and cash equivalents	3,180.75	-	-	3,180.75	-	-	3,180.75
Trade receivables	221.45	-	-	-	-	221.45	221.45
Investment measured at amortised cost	6,561.51	-	-	-	-	6,564.03	6,564.03
Other financial assets	4,764.84	-	-	-	-	4,762.47	4,762.47
	1,11,233.69	-	-				
Financial liabilities not measured at fair value¹							
Trade payables	655.98	-	-	-	-	655.98	655.98
Other payables	100.92	-	-	-	-	100.92	100.92
Debt securities	31,411.52	-	-	-	-	31,520.62	31,520.62
Borrowings (other than debt securities)	2,91,975.30	-	-	-	-	2,93,032.13	2,93,032.13
Subordinated liabilities	5,996.55	-	-	-	-	6,168.36	6,168.36
Other financial liabilities	63,253.56	-	-	-	-	63,253.56	63,253.56
	3,93,393.83	-	-				

¹ The Company has determined that the carrying values of cash and cash equivalents, bank balances (with the residual maturity up to 12 months), trade payables, short term debts and borrowings, cash credit and other current liabilities are a reasonable approximation of their fair value as these are short term in nature.

Reconciliation of level 3 fair value measurement is as follows:

	(₹ In Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Loans		
Balance at the beginning of the year	3,84,844.31	3,42,572.18
Addition during the year	3,45,406.49	2,50,842.48
Amount derecognised / repaid during the year	(2,70,623.15)	(2,06,085.98)
Amount written off	(3,010.64)	(3,420.66)
Gains/(losses) recognised in other comprehensive income	(1,001.19)	936.29
Balance at the end of the year	4,55,615.82	3,84,844.31

* The above classification also includes balance of spread receivable on assigned portfolio. (Refer note 10)

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Sensitivity analysis to fair value

(₹ In Lakhs)

	Amount, net of tax	
	Increase	Decrease
31 March 2022		
Loans		
Interest rates (50 bps movement)	(897.76)	901.67
Investment in OCPS of subsidiary		
Interest rates (50 bps movement)	(26.57)	27.20
31 March 2021		
Loans		
Interest rates (50 bps movement)	(673.17)	675.78
Investment in OCPS of subsidiary		
Interest rates (50 bps movement)	(13.36)	13.68

43 CAPITAL

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

43.1 Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

43.2 Regulatory capital

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Tier 1 Capital	1,16,420.76	1,02,662.08
Tier 2 Capital	16,520.39	8,467.87
Total Capital (Numerator)	1,32,941.15	1,11,129.95
Risk weightage assets (Denominator)	5,04,527.96	4,13,815.48
Risk weighted assets		
Tier 1 Capital Ratio (%)	23.08%	24.81%
Tier 2 Capital Ratio (%)	3.27%	2.05%
Total Capital Ratio (%)	26.35%	26.85%

Tier 1 capital consists of shareholders' equity and retained earnings excluding unrealised gain but including unrealised loss. Tier 2 capital consists of ECL on stage 1 and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier 1).

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

44.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and investments.

The carrying amounts of financial assets represent the maximum credit risk exposure.

(a) Loans and advances

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before sanctioning any loan. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information, the loan-to-value ratio etc.

Analysis of risk concentration

The following table shows the risk concentration of the Company's loans.

(₹ In Lakhs)		
	Carrying Amount	
	As at 31 March 2022	As at 31 March 2021
Retail assets loans:	2,28,609.18	1,64,077.99
Two wheeler loans	25,978.81	19,548.15
Micro enterprise loans	1,04,316.10	88,992.95
Salaried personal loans	10,339.65	9,243.88
Small and medium enterprise loans	83,248.97	42,146.37
Commercial vehicle loans	4,725.65	4,146.64
RAC loans	2,31,095.45	2,20,766.32
Total	4,59,704.63	3,84,844.31

Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers and machinery & property in case of SME customers. The secured exposure are secured wholly or partly by hypothecation of assets and undertaking to create a security.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loans are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

(i) Staging:

As per the provision of Ind AS 109, all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes due by more than 90 days on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, the Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. The Company has staged the assets based on the days past dues criteria and other market factors which significantly impacts the loan portfolio.

Company's internal grades and staging criteria for loans are as follows:

Days past dues status	Stage	Internal grades	Provisions
Current	Stage 1	High Quality assets, negligible credit risk	12 months provision
1-30 Days	Stage 1	High Quality assets, negligible credit risk	12 months provision
31-60 Days	Stage 2	Quality assets, low credit risk	Lifetime provision
61-90 Days	Stage 2	Standard assets, moderate credit risk	Lifetime provision
91-180 Days	Stage 3	Sub-standard assets, relatively high credit risk	Lifetime provision
>180 Days	Stage 3	Low quality assets, very high credit risk	Lifetime provision

(ii) Grouping:

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. The Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

- Two wheeler loans
- Micro enterprise loans
- Salaried personal loans
- Small and medium enterprise loans
- Commercial vehicle loans
- 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:

- Probability of default ("PD")
- Loss given default ("LGD")
- Exposure at default ("EAD")
- Discount factor ("D")

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

For RAC loan portfolio, the Company has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Company consists of various parameters based on which RAC loan portfolio is evaluated and credit rating is assigned accordingly. The credit rating matrix developed by the Company is validated in accordance with its ECL policy.

The Company has developed its PD matrix based on the external benchmarking of external reports, external ratings and Basel norms. This PD matrix is calibrated with its historical data and major events on regular time interval in accordance with its ECL policy.

Probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from internal data of the Company calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out PD based on the last five years historical data.

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs are converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the Current year.

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: upside (11%), downside (21%) and base (68%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Loss given default:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. The Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

- 1) Analysis of historical credit impaired accounts at cohort level.
- 2) The computation consists of four components, which are:
 - a) Outstanding balance (POS)
 - b) Recovery amount (discounted yearly) by effective interest rate.
 - c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using effective interest rate.
 - d) Collateral (security) amount.

The formula for the computation is as below:

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total outstanding balance)
% LGD = 1 – recovery rate

For RAC loan portfolio, the LGD has been considered based on Basel-II Framework for all the level of credit rating portfolio.

Exposure at default:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. The Company has modelled EAD based on the contractual and behavioural cash flows till the lifetime of the loans considering the expected assignment of loans.

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Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

The Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. The exposure at default is calculated for each product and for various DPD status after considering future expected assignment which is not at risk. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure of retail loans. Further, the EAD for stage 3 retail loans are the outstanding exposures at the time loan is classified as Stage 3 for the first time.

Discounting:

Conditional ECL at DPD pool level was computed with the following method:

Conditional retail ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

Conditional RAC ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt)

For RAC loan portfolio, the Company has calculated ECL based on borrower wise assessment of internal credit rating as per the framework of the Company, while for retail loan portfolio, the same has been calculated on collective basis.

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of ECL provided for across the stages is summarised below:

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Stage 1	1.03%	1.58%
Stage 2	11.37%	20.12%
Stage 3	42.61%	38.61%
Amount of expected credit loss provided for	10,019.62	9,921.84

The loss rates are based on actual credit loss experience over past 5 years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables.

(iv) Impact assessment on account of COVID-19

In accordance with the board approved moratorium policy read with RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Company continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The Company's management is continuously monitoring the situation and the economic factors affecting the operations of the Company arising on account of COVID-19 and accordingly is providing for additional management overlay provision for such uncertainty. As at 31 March 2022, additional Expected Credit Loss (ECL) provision on loan assets as management overlay on account of COVID-19 stood at ₹ 3,783.71 lakh (31 March 2021: ₹ 5,622.97 lakh).

The additional ECL provision on account of COVID-19 is based on the Company's historical experience, collection efficiencies till date, internal assessment and other macro economic factors on account of the pandemic. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic.

(v) Modification of financial assets

The Company has modified the terms of certain loans provided to customers in accordance with RBI notification on MSME restructuring dated 6 August 2020 and 5 May 2021. Such restructuring benefits are provided to distressed customers who are impacted by COVID-19 pandemic.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Such restructuring benefits include extended payment term arrangements, moratorium and changes in interest rates. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer note 3.5). The Company monitors the subsequent performance of modified assets. The gross carrying amount of such assets held as at 31 March 2022 is ₹ 1,615.53 lakhs (31 March 2021: ₹ 446.20 lakhs). Overall provision for expected credit loss against restructured loan exposure amounts to ₹ 178.30 lakhs as at 31 March 2022 (31 March 2021: ₹ 111.92 lakhs). The Company continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets.

(b) Cash and cash equivalent and bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Company generally invests in term deposits with banks which are subject to an insignificant risk of change in value.

44.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilised cash credit facility, term loans and direct assignment of loans.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

The total cash credit limit available to the Company is ₹ 1,82,500 lakhs spread across 14 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

RBI has mandated minimum liquidity coverage ratio (LCR) of 50% to be maintained by December 2021, which is to be gradually increased to 100% by December 2024. The Company has LCR of 192.68% as of 31 March 2022 as against the LCR of 50% mandated by RBI.

Over the years, the Company has maintained around 20% to 25% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Company. This further strengthens the liability management.

The table below summarises the maturity profile of the undiscounted cash flow of the Company's financial liabilities:

	(₹ In Lakhs)								
	1 day to 30 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
As at 31 March 2022									
Debt securities	-	-	-	-	7,658.97	35,710.89	-	-	43,369.86
Borrowings (Other than debt securities)	5,938.42	7,423.30	16,125.87	28,463.40	1,96,328.20	1,16,099.95	36,036.87	-	4,06,416.01
Subordinated liabilities	72.16	88.36	4,209.55	270.96	533.08	2,152.95	2,150.00	10,216.34	19,693.39
Payable	1,120.74	271.85	10.05	30.15	134.49	-	-	-	1,567.28
Lease liability	2.29	1.84	1.84	4.53	6.92	28.57	22.57	-	68.55
Other financial liabilities	16,186.24	982.33	2,404.35	4,333.35	7,201.88	13,103.72	1,156.35	334.68	45,702.91

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(₹ In Lakhs)

	1 day to 30 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
As at 31 March 2021									
Debt securities	-	-	-	2,250.00	26,110.59	7,629.52	-	-	35,990.11
Borrowings (Other than debt securities)	6,903.87	4,486.55	10,372.48	16,962.18	1,78,139.52	71,767.48	23,569.16	2,615.96	3,14,817.20
Subordinated liabilities	-	-	129.64	2,254.11	259.29	4,118.25	-	-	6,761.29
Payable	647.44	10.13	9.80	29.41	60.12	-	-	-	756.90
Lease liability	5.99	5.45	5.33	14.51	10.37	6.62	0.76	-	49.03
Other financial liabilities	29,158.38	1,446.13	2,019.95	4,984.09	11,605.17	12,103.20	1,361.88	528.38	63,207.18

44.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment and variable interest rate borrowings and lending.

The sensitivity analysis have been carried out based on the exposure to interest rates for lending and borrowings carried at variable rate and investments made by the Company.

(₹ In Lakhs)

Change in interest rates	Year ended 31 March 2022		Year ended 31 March 2021	
	50 bps increase	50 bps decrease	50 bps increase	50 bps decrease
Investments	26,296.65	26,296.65	11,566.97	11,566.97
Impact on profit before tax for the year	131.48	(131.48)	57.83	(57.83)
Variable rate lending	2,31,095.45	2,31,095.45	2,20,766.32	2,20,766.32
Impact on profit before tax for the year	1,155.48	(1,155.48)	1,103.83	(1,103.83)
Variable rate borrowings	3,53,977.61	3,53,977.61	2,66,619.90	2,66,619.90
Impact on profit before tax for the year	(1,769.89)	1,769.89	(1,333.10)	1,333.10

B. Foreign currency risk

The Company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Company.

45. LEASE DISCLOSURE

Where the Company is the lessee

The Company has entered into agreements for taking its office premises under leave and license arrangements. These agreements are for tenures between 11 months and 5 years and majority of the agreements are renewable by mutual consent on mutually agreeable terms, lease rentals have an escalation ranging between 5% to 15%. Leases for which the lease term is less than 12 months have been accounted as short term leases.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)		
Contractual cash maturities of lease liabilities on an undiscounted basis	As at 31 March 2022	As at 31 March 2021
Not later than one year	17.41	41.65
Later than one year and not later than five years	51.14	7.38
Later than five years	-	-
Total undiscounted lease liabilities	68.55	49.03
Lease liabilities included in the balance sheet		
Total lease liabilities	56.52	46.38

(₹ In Lakhs)		
Amount recognised in the statement of profit and loss account	Year ended 31 March 2022	Year ended 31 March 2021
Interest on lease liabilities	4.11	9.06
Depreciation charge for the year	36.54	74.72
Expenses relating to short term leases	223.97	148.70

(₹ In Lakhs)		
Amount recognised in statement of cash flow	Year ended 31 March 2022	Year ended 31 March 2021
Cash outflow towards lease liability	(42.13)	(81.24)

For addition and carrying amount of right to use asset for 31 March 2022 and 31 March 2021, refer note 11(d).

Title deeds of all immovable properties of the Company are held in name of the Company. Further all the lease agreements are duly executed in favour of the Company for properties where the Company is the lessee.

46. TRANSFER OF FINANCIAL ASSETS

46.1 Transferred financial assets that are not derecognised in their entirety

The following table provides a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

(₹ In Lakhs)		
	As at 31 March 2022	As at 31 March 2021
Securitisation		
Carrying amount of transferred assets	5,759.75	-
Carrying amount of associated liabilities (Borrowings - other than debt securities)	5,003.21	-
Fair value of assets (A)	5,750.45	-
Fair value of associated liabilities (B)	4,995.13	-
Net position at Fair Value (A-B)	755.31	-

46.2 Transferred financial assets that are derecognised in their entirety

The Company has assigned loans by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of exposure net of MRR to the buyer, the assets have been de-recognised from the Company's Balance Sheet. The table below summarises the carrying amount of the derecognised financial assets :

(₹ In Lakhs)		
	As at 31 March 2022	As at 31 March 2021
Direct assignment		
Carrying amount of de-recognised financial asset	1,06,918.22	1,31,581.06
Carrying amount of retained financial asset	14,582.48	15,344.12

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

46.3 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

47. No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at 31 March 2022 and 31 March 2021.
48. The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2022 and 31 March 2021.
49. The Company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022 and 31 March 2021.
50. All the charges or satisfaction, as applicable are registered with ROC within the statutory period.
51. The Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at 31 March 2022 are held by the Company in the form of deposits or in current accounts till the time the utilisation is made subsequently.
52. There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2022 and 31 March 2021, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended 31 March 2022 and 31 March 2021.
53. As a part of normal lending business, the Company grants loans and advances on the basis of security / guarantee provided by the Borrower/ co-borrower. These transactions are conducted after exercising proper due diligence.

Other than the transactions described above,
 - (a) No funds have been advanced or loaned or invested by the Company to or in any other person(s) or entity(ies) including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in a party identified by or on behalf of the Company (Ultimate Beneficiaries);
 - (b) No funds have been received by the Company from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 54A. The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2022 and 31 March 2021.
- 54B. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended 31 March 2022 and 31 March 2021.
- 54C. The Company has not entered into any scheme of arrangement.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

55. DISCLOSURES REQUIRED IN TERMS OF ANNEXURE XVI OF THE RBI MASTER DIRECTION DNBR. PD. 008/03.10.119/2016-17 DATED 1 SEPTEMBER 2016 (UPDATED AS ON 3 MARCH 2022) "MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 ARE MENTIONED AS BELOW:

55.1 Capital

	As at 31 March 2022	As at 31 March 2021
i) CRAR (%)	26.35%	26.85%
ii) CRAR - Tier I capital (%)	23.08%	24.81%
iii) CRAR - Tier II capital (%)	3.27%	2.05%
iv) Amount of subordinated debt raised as Tier-II capital	12,000.00	3,300.00
v) Amount raised by issue of perpetual debt instruments	-	-

55.2 Investments

	As at 31 March 2022	As at 31 March 2021
1. Value of investments		
(i) Gross value of investments		
(a) In India	53,861.23	23,505.88
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	55.21	2.52
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	53,806.02	23,503.36
(b) Outside India	-	-
2. Movement of provisions held towards depreciation on investments.		
(i) Opening balance	2.52	-
(ii) Add : Provisions made during the year	52.69	2.52
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	55.21	2.52

55.3 Derivatives

The Company has not entered into any derivative transactions and hence the disclosure required has not been made.

55.4 Asset liability management maturity pattern of certain items of assets and liabilities

As at 31 March 2022

	Over 1 day to 7 days	Over 8 day to 14 days	Over 15 day to 30 days	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Bank Fixed Deposits	3,525.57	-	196.48	-	-	1.14	53,559.50	-	2,072.84	-	59,355.53
Advances	5,749.42	6,331.82	21,532.67	28,083.45	34,790.61	72,115.21	1,10,266.98	1,58,424.07	16,293.46	1,792.51	4,55,380.20
Investments	258.71	-	2,653.47	1,967.66	1,768.35	3,109.58	6,011.01	33,703.23	1,181.99	3,152.02	53,806.02
Borrowings	700.30	1,905.67	1,788.30	5,841.57	18,626.37	24,268.72	1,89,377.53	1,37,530.79	33,436.59	9,721.55	4,23,197.39
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

As at 31 March 2021

(₹ In Lakhs)

	Over 1 day to 7 days	Over 8 day to 14 days	Over 15 day to 30 days	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Bank Fixed Deposits	23,067.82	10,653.04	4,290.76	7,809.88	1,702.06	-	1,026.92	-	2,137.54	-	50,688.02
Advances	1,969.23	4,161.17	16,094.70	21,376.05	21,989.93	62,696.52	1,01,753.35	1,30,109.48	18,519.99	1,842.98	3,80,513.40
Investments	-	-	650.18	749.53	706.86	1,851.76	2,148.82	14,051.23	666.67	2,678.31	23,503.36
Borrowings	1,625.60	1,447.75	2,748.77	3,412.55	9,343.73	16,082.01	1,98,411.74	72,670.00	21,128.11	2,513.11	3,29,383.37
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

55.5 Exposure to Real Estate Sector

(₹ In Lakhs)

Category	As at 31 March 2022	As at 31 March 2021
a) Direct exposure		
(i) Residential mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	-	-
(ii) Commercial real estate -		
Lending secured by mortgages on commercial real estates (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits;	2,293.97	2,360.93
(iii) Investments in Mortgage Backed Securities ("MBS") and other securitised exposures -		
a. Residential	-	-
b. Commercial real estate	-	-

55.6 Exposure to Capital Market

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	2,684.08	2,220.83
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to venture capital funds (both registered and unregistered)	-	-
Total	2,684.08	2,220.83

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

55.7 Details of financing of parent company products

Not applicable

55.8 Details of Single Borrower Limit ("SGL") / Group Borrower Limit ("GBL") exceeded by the NBFC

- i) Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the NBFC:
Nil
- ii) Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the NBFC:
Nil

55.9 Unsecured advances

- a) Refer note 8(B)(ii) to the standalone financial statements.
- b) The Company has not granted any advances against intangible securities (31 March 2021: Nil).

55.10 Registration obtained from other financial sector regulators

The Company is registered with RBI and has all its operations in India, it has not obtained registration from any other financial sector regulators during the year.

55.11 Disclosure of penalties imposed by RBI and other regulators

During the year ended 31 March 2022, no penalties have been imposed by RBI and other regulators (31 March 2021: Nil).

55.12 Related party transactions

Refer note 36 to the standalone financial statements.

55.13 Ratings assigned by credit rating agencies and migration of ratings during the year

By Acuite Ratings & Research Limited:

(₹ In Lakhs)			
INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	4,50,000	ACUITE AA-(Stable)	No migration of rating
Commercial paper issue	30,000	ACUITE A1+	No migration of rating

By ICRA Limited:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Subordinate debt	6,000	ICRA A (stable)	No migration of rating

By Care Ratings Limited:

(₹ In Lakhs)			
INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	5,00,000	CARE A+ (Stable)	No migration of rating
Commercial Papers issue	25,000	CARE A1+	No migration of rating
Non Convertible Debentures	50,000	CARE A+ (Stable)	No migration of rating
Market linked debenture	7,500	CARE PP-MLD A1+ Stable	No migration of rating
Market linked debenture	20,000	CARE PP-MLD A1+ Stable	No migration of rating
Subordinate debt	10,000	CARE A+ (Stable)	No migration of rating
Market linked debenture	20,000	CARE PP-MLD A1+ Stable	No migration of rating

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

55.14 Remuneration of directors

Refer note 36 to the standalone financial statements.

55.15 Management

The annual report has a detailed chapter on Management Discussion and Analysis.

55.16 Net profit or loss for the period, prior period items and change in accounting policies

The Company does not have any prior period items / change in accounting policies during the current year other than disclosed in financials.

55.17 Revenue recognition

Refer note 3.1 to the standalone financial statements.

55.18 Ind AS 110 - consolidated financial statements (CFS)

The Company has prepared Consolidated Financial Statements in accordance with the requirements of Ind AS 110 - Consolidated Financial Statements.

55.19 Provisions and contingencies

The information on all provisions and contingencies is as under:

	(₹ In Lakhs)	
Break up of 'provisions and contingencies' shown under the head expenditure in the statement of profit and loss	As at 31 March 2022	As at 31 March 2021
Provision for depreciation on investment	52.69	2.52
Provision towards non performing assets (Stage 3 loan assets)	1,982.19	582.25
Provision made towards income tax	5,372.65	5,809.77
Provision towards standard assets (Stage 1 and 2 loan assets)	(1,884.42)	3,483.15

55.20 Draw down from reserves

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Draw down from reserves	-	-

55.21 Concentration of deposits (for deposit taking NBFCs)

Not Applicable

55.22 Concentration of advances

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Total advances to twenty largest borrowers	1,25,937.89	1,20,996.73
Percentage of advances to twenty largest borrowers to total advances of the NBFC	27.66%	31.80%

55.23 Concentration of exposures

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Total exposure to twenty largest borrowers / customers	1,36,070.67	1,27,510.83
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	29.59%	33.50%

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

55.24 Concentration of NPAs

	As at 31 March 2022	As at 31 March 2021
Total exposure to top four NPA accounts	767.51	498.45

(₹ In Lakhs)

55.25 Sector-wise NPAs

Sector	% of NPA to Total Advances in that sector as at 31 March 2022	% of NPA to Total Advances in that sector as at 31 March 2021
(i) Agriculture and allied activities	3.49%	2.32
(ii) MSME	4.66%	4.55
(iii) Corporate borrowers	0.14%	0.29
(iv) Services	6.46%	6.40
(v) Unsecured personal loans	5.66%	3.25
(vi) Auto loans	6.62%	3.39
(vii) Other personal loans	-	-

(₹ In Lakhs)

55.26 Movement of NPAs

	As at 31 March 2022	As at 31 March 2021
(i) Net NPAs to net advances (%)	1.34%	1.06%
(ii) Movement of NPAs (gross)		
(a) Opening balance	6,442.50	6,291.85
(b) Additions during the year	9,979.81	2,970.58
(c) Reductions during the year	5,932.91	2,819.93
(d) Closing balance	10,489.40	6,442.50
(iii) Movement of net NPAs		
(a) Opening balance	3,954.90	4,386.50
(b) Additions during the year	6,012.22	1,840.79
(c) Reductions during the year	3,947.52	2,272.39
(d) Closing balance	6,019.61	3,954.90
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	2,487.60	1,905.35
(b) Provisions made during the year	3,967.59	1,129.79
(c) Write-off / write-back of excess provisions	1,985.39	547.54
(d) Closing balance	4,469.79	2,487.60

(₹ In Lakhs)

55.27 Overseas assets (for those with joint ventures and subsidiaries abroad)

Nil

55.28 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Nil

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

55.29 Disclosure of customers complaints

	As at 31 March 2022	As at 31 March 2021
(a) No. of complaints pending at the beginning of the year	0	0
(b) No. of complaints received during the year	55	11
(c) No. of complaints redressed during the year	54	11
(d) No. of complaints pending at the end of the year	1	0

56. DISCLOSURES RELATING TO SECURITISATION AND TRANSFER OF LOAN EXPOSURE

The information of securitisation and transfer of loan exposure by the Company as required by RBI circular RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 and RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021 is as under:

(a) For Securitisation Transaction by originator (non-STC transaction)

		(₹ In Lakhs)	
Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	No of SPEs holding assets for securitisation transactions originated by the originator	1	-
2	Total amount of securitised assets as per books of the SPEs	5,003.21	-
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	499.10	-
	• Others	1,057.91	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	285.70	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-
5	Sale consideration received for the securitised assets;	8,922.41	-
	Gain/loss on sale on account of securitisation	-	-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
	Over collateralisation	1,057.91	-
	Excess Interest spread	285.70	-
	Cash collateral	499.10	-
7	Performance of facility provided		

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

		(₹ In Lakhs)	
Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
	Over collateralisation		
	(a) Amount paid	1,057.91	-
	(b) Repayment received	-	-
	(c) Outstanding amount	1,057.91	-
	Excess Interest spread		
	(a) Amount paid	499.82	-
	(b) Repayment received	214.12	-
	(c) Outstanding amount	285.70	-
	Cash collateral		
	(a) Amount paid	499.10	-
	(b) Repayment received	-	-
	(c) Outstanding amount	499.10	-
8	Average default rate of portfolios observed in the past.		
	(a) loans to NBFCs	0.40%	-
9	Amount and number of additional/top up loan given on same underlying asset.	-	-
10	Investor complaints		
	(a) Directly/Indirectly received and;	-	-
	(b) Complaints outstanding	-	-

(b) For Securitisation Transaction by originator (STC transaction) - Not applicable

(c) Details of loans not in default transferred through assignment during the year ended 31 March 2022

		(₹ In Lakhs)
Particulars	Year ended 31 March 2022	
Aggregate principal outstanding of loans transferred (₹ in lakh)	1,32,939.72	
Weighted average residual maturity (in months)	19	
Weighted average holding period (in months)	6	
Average retention of beneficial economic interest (MRR) (%)	13%	
Average coverage of tangible security (%)	24%	
Rating wise distribution of loans transferred	Unrated	

(d) Details of loans not in default acquired through assignment during the year ended 31 March 2022

		(₹ In Lakhs)
Particulars	Year ended 31 March 2022	
Aggregate principal outstanding of loans acquired (₹ in lakh)	20,335.06	
Weighted average residual maturity (in months)	26	
Weighted average holding period (in months)	16	
Average retention of beneficial economic interest (MRR) by originator (%)	10%	
Average coverage of tangible security (%)	5%	
Rating wise distribution of loans acquired	Unrated	

(e) Details of non-performing financial assets purchased / sold

The Company has not purchased or sold non-performing financial assets during the year (previous year Nil).

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

57. DISCLOSURE ON LIQUIDITY RISK PURSUANT TO RBI CIRCULAR DATED 4 NOVEMBER 2019 ON 'LIQUIDITY RISK MANAGEMENT FRAMEWORK FOR NON-BANKING FINANCIAL COMPANIES AND CORE INVESTMENT COMPANIES' IS AS FOLLOWS:

57.1 Funding concentration based on significant counterparty¹ (both deposits and borrowings)

	As at 31 March 2022	As at 31 March 2021
Number of significant counterparties	19	17
Amount	3,63,039.34	3,02,053.27
Percentage of funding concentration to total deposits	Not Applicable	Not Applicable
Percentage of funding concentration to total liabilities ²	76%	75%

¹ Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No. 102/ 03.10.001/ 2019-20 dated November 4, 2019 on 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies'.

² Total liabilities represents total liabilities as per balance sheet.

57.2 Top 20 large deposits

Not Applicable to the Company as it does not accept public deposits.

57.3 Top 10 borrowings

	As at 31 March 2022	As at 31 March 2021
Total amount of top 10 borrowings	2,87,933.36	2,56,590.17
Percentage of amount of top 10 borrowings to total borrowings	68%	78%

57.4 Funding concentration based on significant instrument/product³

Name of instrument/product	As at 31 March 2022	Percentage of total liabilities	As at 31 March 2021	Percentage of total liabilities
Term Loans	2,17,896.89	46%	1,45,854.60	36%
Cash credit / Overdraft / Working capital demand loan	1,52,080.72	32%	1,47,120.69	37%
Market linked Debenture	36,500.00	8%	6,500.00	2%
Subordinate-debentures	14,000.00	3%	6,000.00	1%
Securitisation	5,003.21	1%	-	0%
Non convertible debentures	-	0%	25,000.00	6%

³ Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies'.

57.5 Stock ratio

	As at 31 March 2022	As at 31 March 2021
(i) Commercial paper as a percentage of total public funds ⁴	Not applicable	Not applicable
(ii) Commercial paper as a percentage of total liabilities	Not applicable	Not applicable
(iii) Commercial paper as a percentage of total assets	Not applicable	Not applicable
(iv) Non convertible debentures (original maturity of less than one year) as a percentage of total public funds	Not applicable	Not applicable
(v) Non convertible debentures (original maturity of less than one year) as a percentage of total liabilities	Not applicable	Not applicable
(vi) Non convertible debentures(original maturity of less than one year) as a percentage of total assets	Not applicable	Not applicable
(vii) Other short term liabilities* as a percentage of total public funds	63%	81%
(viii) Other short term liabilities as a percentage of total liabilities	57%	67%
(ix) Other short term liabilities as a percentage of total assets	44%	52%

⁴ Public funds as defined in Master Direction - Non-Banking Financial Company -Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

* Excludes security deposits received from borrowers

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

57.6 Institutional set-up for liquidity risk management

Refer note 44.2 of the standalone financials statements.

Liquidity coverage ratio

(₹ In Lakhs)								
Particulars	Quarter ended 30 June 2021		Quarter ended 30 September 2021		Quarter ended 31 December 2021		Quarter ended 31 March 2022	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)	21,984.44	21,984.44	12,035.69	12,035.69	10,149.04	10,149.04	11,241.05	11,241.05
Cash Outflows								
2 Deposits (for deposit taking companies)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3 Unsecured wholesale funding	-	-	-	-	-	-	-	-
4 Secured wholesale funding	7,387.03	8,495.09	9,148.66	10,520.96	10,504.84	12,080.57	14,470.93	16,641.57
5 Additional requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6 Other contractual funding obligations	18,116.33	20,833.78	7,594.19	8,733.32	5,748.21	6,610.44	5,820.90	6,694.04
7 Other contingent funding obligations	-	-	-	-	-	-	-	-
8 Total cash outflows	25,503.37	29,328.87	16,742.85	19,254.27	16,253.05	18,691.01	20,291.84	23,335.61
Cash inflows								
9 Secured lending	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	26,634.93	19,976.20	26,146.22	19,609.67	30,473.56	22,855.17	30,969.27	23,226.95
11 Other cash inflows	43,105.03	32,328.77	65,912.15	49,434.11	56,231.38	42,173.54	20,987.85	15,740.89
12 Total cash inflows	69,739.96	52,304.97	92,058.37	69,043.78	86,704.94	65,028.70	51,957.12	38,967.84
Total Adjusted Value								
13 Total HQLA	21,984.44		12,035.69		10,149.04		11,241.05	
14 Total net cash outflows	7,332.22		4,813.57		4,672.75		5,833.90	
15 Liquidity coverage ratio (%)	299.83%		250.04%		217.20%		192.68%	

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

High Quality Liquid Assets (HQLA)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1 Assets to be included as HQLA without any haircut	21,984.44	21,984.44	12,035.69	12,035.69	10,149.04	10,149.04	11,241.05	11,241.05
2 Assets to be considered for HQLA with a minimum haircut of 15%	-	-	-	-	-	-	-	-
3 Assets to be considered for HQLA with a minimum haircut of 50%	-	-	-	-	-	-	-	-
4 Approved securities held as per the provisions of section 45 IB of RBI Act	-	-	-	-	-	-	-	-
Total HQLA	21,984.44	21,984.44	12,035.69	12,035.69	10,149.04	10,149.04	11,241.05	11,241.05

The Liquidity Coverage Ratio (LCR) was not applicable to the Company for the financial year 2020-21 as the asset size of the Company was less than ₹ 5,000 crores.

The LCR is one of the key parameters closely monitored by RBI to enable a more resilient financial sector. The objective of the LCR is to promote an environment wherein balance sheet carry a strong liquidity for short term cash flow requirements. To ensure strong liquidity NBFCs are required to maintain adequate pool of unencumbered High-Quality Liquid Assets (HQLA) which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the Asset Liability Committee (ALCO) under the governance of Board approved Liquidity Risk Framework and Asset Liability Management policy. The LCR levels for the balance sheet date is derived by arriving the stressed expected cash inflow and outflow for the next calendar month. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

HQLA primarily includes cash on hand, bank balances in current accounts.

The LCR is computed by dividing the stock of HQLA by its total net cash outflows over one-month stress period. LCR guidelines requires NBFCs to maintain minimum LCR of 50% as on 31 March 2022 which is gradually required to be increased to 100% by 1 December 2024.

58. DISCLOSURE IN ACCORDANCE WITH RBI NOTIFICATION NO. RBI/2020-21/17 DOR.NO.BP. BC/4/21.04.048/2020-21 DATED 6 AUGUST 2020 AND RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 DATED 5 MAY 2021 ARE AS FOLLOWS:

(₹ In Lakhs)

Amount recognised in the statement of profit and loss account	Year ended 31 March 2022	Year ended 31 March 2021
No. of accounts restructured*	424	425
Amount**	1,590.09	446.20

* Cumulative no. of accounts restructured having outstanding as on date

** Including MRR portion on assigned loans

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

Disclosure of restructured accounts as required by the NBFC Master Directions issued by RBI

(₹ In Lakhs)

Type of Restructuring - others*		Asset classification				Total
		Standard	Sub-Standard	Doubtful	Loss	
Restructured Accounts as on 1 April of the FY (opening figures)	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon*	-	-	-	-	-
Fresh restructuring during the year	No. of borrowers	-	1	-	-	1
	Amount outstanding	-	26.40	-	-	26.40
	Provision thereon*	-	6.21	-	-	6.21
Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon*	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon*	-	-	-	-	-
Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	-	-	-	-
	Provision thereon*	-	-	-	-	-
Write-offs / Settlements / Recoveries of restructured accounts during the FY	No. of borrowers	-	-	-	-	-
	Amount outstanding	-	(0.96)	-	-	(0.96)
	Provision thereon*	-	(1.36)	-	-	(1.36)
Restructured Accounts as on March 31 of the FY (closing figures)	No. of borrowers	-	1	-	-	1
	Amount outstanding	-	25.44	-	-	25.44
	Provision thereon*	-	4.85	-	-	4.85

* Since the disclosure of restructured advance account pertains to section 'Others', the first two sections, namely, 'Under CDR Mechanism' and 'Under SME Debt Restructuring Mechanism' as per format prescribed in the guidelines are not included above.

* Provisions considered as per ECL.

59. INFORMATION AS REQUIRED IN TERMS OF PARAGRAPH 19 OF THE RBI MASTER DIRECTION DNBR. PD. 008/03.10.119/2016-17 DATED 1 SEPTEMBER 2016 "MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016 ARE MENTIONED AS BELOW:

Liabilities side :

59.1 Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid

(₹ In Lakhs)

		Year ended 31 March 2022	
		Amount outstanding	Amount overdue
(a) Debentures	: Secured	38,482.47	-
	: Unsecured	14,017.67	-
(other than falling within the meaning of Public deposits*)			
(b) Deferred credits		-	-
(c) Term loans		2,18,353.10	-
(d) Inter-corporate loans and borrowing		-	-
(e) Commercial paper		-	-
(f) Other loans:			
From banks		1,52,536.11	-

*Please see note 1 below

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

59.2 Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid)

(₹ In Lakhs)

(a) In the form of unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-

*Please see note 1 below

Assets side:

59.3 Break-up of loans and advances including bills receivables (other than those included in (4) below)

(₹ In Lakhs)

Particulars	Amount outstanding
(a) Secured	3,32,180.00
(b) Unsecured	1,23,230.90

59.4 Break up of leased assets and stock on hire and other assets counting towards asset financing activities

(₹ In Lakhs)

Particulars	Amount outstanding
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	NA
(b) Operating lease	NA
(ii) Stock on hire including hire charges under sundry debtors :	
(a) Assets on hire	NA
(b) Repossessed assets	NA
(iii) Other loans counting towards asset financing activities	
(a) Loans where assets have been repossessed	178.54
(b) Loans other than (a) above	NA

59.5 Break-up of investments :

(₹ In Lakhs)

	Amount outstanding
Current investments :	
1 Quoted :	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	4,113.03
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-
2 Unquoted :	
(i) Shares :	
(a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	1,097.47
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

		(₹ In Lakhs)
		Amount outstanding
Long term investments :		
1 Quoted :		
(i) Shares :	(a) Equity	-
	(b) Preference	-
(ii) Debentures and bonds		26,017.87
(iii) Units of mutual funds		463.25
(iv) Government securities		-
(v) Others (Alternate investment fund and pass through certificates)		17,684.26
2 Unquoted :		
(i) Shares :	(a) Equity	2,220.83
	(b) Preference	2,264.53
(ii) Debentures and bonds		-
(iii) Units of mutual funds		-
(iv) Government securities		-
(v) Others (please specify)		-

59.6 Borrower group-wise classification of assets financed as in 59.3 and 59.4 above:

		(₹ In Lakhs)
		Amount outstanding
Please see Note 2 below		
Category	Amount net of provisions	Total
	Secured	Unsecured
1. Related parties **		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	3,27,689.39	1,17,701.89
Total	3,27,689.39	1,17,701.89
		4,45,391.28

59.7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Please see note 3 below		(₹ In Lakhs)
Category	Market value / break up or fair value or NAV	Book value (net of provisions)
1. Related parties **		
(a) Subsidiaries (refer note below)	4,984.34	4,485.36
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	49,320.66	49,320.66
Total	54,305.00	53,806.02

** As per Ind AS issued by Ministry Of Corporate Affairs (refer note 3 below)

Note: Subsidiary company being unlisted, value is derived based upon the net asset value as shown in the subsidiary company balance sheet as on 31 March 2022.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

59.8 Other information

(₹ In Lakhs)

	Amount outstanding
(i) Gross non-performing assets	
(a) Related parties	-
(b) Other than related parties	10,489.40
(ii) Net non-performing assets	
(a) Related parties	-
(b) Other than related parties	6,019.61
(iii) Assets acquired in satisfaction of debt	-

Notes:

- As defined in point xxvii of paragraph 3 of Chapter - II of these Directions.
- Provisioning norms shall be applicable as prescribed in these Directions.
- All Ind AS issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term (amortised cost in the case of Ind AS) or current (at fair value in the case of Ind AS) in (5) above.

60. DISCLOSURES AS REQUIRED IN TERMS OF RBI NOTIFICATION NO. DOR (NBFC).CC.PD.NO.109/22.10.106/2019-20 DATED 13 MARCH 2020 ON IMPLEMENTATION OF IND AS ARE MENTIONED AS BELOW :

As at 31 March 2022

(₹ In Lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms*	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	4,40,162.23	4,517.13	4,35,645.09	1,745.82	2,771.31
	Stage 2	9,053.00	1,029.43	8,023.57	168.29	861.14
Subtotal		4,49,215.23	5,546.57	4,43,668.66	1,914.11	3,632.46
Non-performing assets ("NPA")						
Substandard	Stage 3	10,489.40	4,469.79	6,019.61	1,079.14	3,390.65
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		10,489.40	4,469.79	6,019.61	1,079.14	3,390.65
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning ("IRACP") norms	Stage 1	4,500.00	3.26	4,496.74	-	3.26
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		4,500.00	3.26	4,496.74	-	3.26
Total	Stage 1	4,44,662.23	4,520.39	4,40,141.84	1,745.82	2,774.57
	Stage 2	9,053.00	1,029.43	8,023.57	168.29	861.14
	Stage 3	10,489.40	4,469.79	6,019.61	1,079.14	3,390.65
Grand total		4,64,204.63	10,019.62	4,54,185.01	2,993.25	7,026.37

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

As at 31 March 2021

(₹ In Lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms*	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	3,70,475.42	5,839.61	3,64,635.81	1,497.24	4,342.37
	Stage 2	7,926.39	1,594.45	6,331.94	30.92	1,563.53
Subtotal		3,78,401.81	7,434.06	3,70,967.75	1,528.16	5,905.90
Non-performing assets ("NPA")						
Substandard	Stage 3	6,442.50	2,487.60	3,954.90	722.03	1,765.57
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		6,442.50	2,487.60	3,954.90	722.03	1,765.57
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning ("IRACP") norms	Stage 1	135.00	0.18	134.82	-	0.18
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		135.00	0.18	134.82	-	0.18
Total	Stage 1	3,70,610.42	5,839.79	3,64,770.63	1,497.24	4,342.55
	Stage 2	7,926.39	1,594.45	6,331.94	30.92	1,563.53
	Stage 3	6,442.50	2,487.60	3,954.90	722.03	1,765.57
Grand total		3,84,979.31	9,921.84	3,75,057.47	2,250.19	7,671.65

* Computed on the value as per the IRACP norms.

The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard assets provisioning), as at 31 March 2022 and 31 March 2021 and accordingly, no amount is required to be transferred to impairment reserve.

The disclosure requirement of the policy for sales out of amortised cost business model portfolios of the Company is not applicable to the Company.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2022 (Contd.)

61. THE DISCLOSURES AS REQUIRED BY THE MASTER DIRECTION - MONITORING OF FRAUDS IN NBFCS ISSUED BY RBI DATED 29 SEPTEMBER 2016

There were no instances of frauds reported during the year ended 31 March 2022. (Previous year: 1 case amounting to ₹ 1,751.19 lakhs).

62. The Company has complied with the RBI circular dated 12 November 2021 - 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications'. On 15 February 2022, RBI allowed deferment till 30 September 2022 of Para 10 of this circular pertaining to upgrade of Non performing accounts. However, the Company has not opted for this deferment.

63. Figures of previous year has been regrouped / reclassified, wherever necessary, to correspond with the figures of the current year.

In terms of our report of even date attached
For Mukesh M Shah & Co.
 Chartered Accountants
 Firm's Registration No: 106625W

For and on behalf of the Board of Directors of
HAAS Financial Services Limited

Chandresh S. Shah
 Partner
 Membership No: 042132

Darshana S. Pandya
 (Director & Chief Executive Officer)
 (DIN - 07610402)

Kamlesh C. Gandhi
 (Chairman & Managing Director)
 (DIN - 00044852)

Riddhi B. Bhayani
 (Company Secretary & Compliance Officer)
 (Membership No: A41206)
 Ahmedabad
 4 May 2022

Ankit Jain
 Chief Financial Officer

Ahmedabad
 4 May 2022

Independent Auditors' Report

To the Members of HAS Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the accompanying Consolidated financial statements of HAS Financial Services Limited ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprises of the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained by us and the other auditors in terms of their report referred to in other matters section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Impairment of Loans Charge: INR 105.83 Lakhs for the year ended 31st March, 2022 Provision: INR 10,494.69 as at 31st March, 2022 Under Ind AS 109, Financial Instruments, allowance for loan losses is determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.	Principal Audit Procedures Procedures performed by us have been enumerated herein below: We performed end to end process walkthroughs to identify the key systems, applications and controls used in ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in ECL process. Key aspects of our controls testing involved following: Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models.

Sr. No.	Key Audit Matter	Auditor's Response
	- Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. - Economic scenarios – Ind AS 109 requires the Group to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. - Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 38.91% of ECL balances as at 31 March, 2022. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the standalone financial statements, we have considered this as a key audit matter. Disclosures: The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	Testing the 'Governance Framework' controls over validation, implementation and model monitoring in line with Reserve Bank of India guidance. Testing the design and operating effectiveness of the key controls over the application of the staging criteria. Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. Testing management's controls over authorisation and calculation of post model adjustments and management overlays. Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. Testing key controls operating over the information technology system in relation to loan impairment including system access and system change management, program development and computer operations. Test of Details: Key aspects of our testing included: Sample testing over key inputs, data and assumptions impacting ECL calculations to assess completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. Model calculations testing through re-performance, where possible. Test of details of post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.
2	Information Technology IT Systems and controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.	In course of audit, our focus was on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. We performed a range of audit procedures, which included: Review of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications,

Sr. No.	Key Audit Matter	Auditor's Response
	IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. Due to the pervasive nature of role of information technology systems in financial reporting, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.	operating systems and databases relied upon for financial reporting. • Our other processes include: - o selectively recomputing interest calculations and maturity dates; - o Selectively re-evaluating masters updation, interface with resultant reports; - o Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system) - o Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission - o Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the consolidated financial statements, the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiary audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary, is traced from their financial statements audited by the other auditors.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the Consolidated financial position, the Consolidated financial performance and the changes in equity and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the

consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, the respective Company's management and Board of Directors of the entities included in the Group is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the holding and its subsidiary company to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entity included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

We did not audit the financial statements of subsidiary included in the Consolidated financial statements, whose financial statements reflect [the figures reported below are before giving effect to consolidation adjustments] total assets of ₹ 28,998.62 Lakhs as at March 31, 2022, total revenues of ₹ 3,583 Lakhs, total net profit after tax of ₹ 456.49 Lakhs, total comprehensive income of ₹ 437.07 Lakhs and net cash outflows amounting to ₹ 799.74 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion and conclusion on the statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the reports of the other auditors and the procedures performed by us as stated under Auditor's Responsibilities section above.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary, we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the

relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting with reference to the financial statements of the Holding Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate report in the Annexure -A, which is based on the auditors' reports of the Holding Company and its subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those Companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company or by subsidiary company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.
 - iv. (a) The respective managements of the Holding Company and its subsidiary, which are companies incorporated in India, whose financial statement have been audited under the Act, have represented to us and to the

other auditors of such subsidiary, to the best of their knowledge and belief, other than as disclosed in the notes to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary or in any other person(s) or entity(ies), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The respective Managements of the Holding Company and its subsidiary, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiary, to the best of their knowledge and belief, other than as disclosed in the notes to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary, with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary shall, directly or indirectly, lend or invest in other person(s) or entity(ies) identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or the other auditor's notice that has caused us or the other auditors to believe that

the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. As stated in consolidated financial statements,
- a) The final dividend proposed in the previous year, declared and paid during the year by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable.
 - b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act, as applicable.
 - c) The Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members of the Holding Company at the ensuing Annual General Meeting. Such dividend proposed is in accordance with section 123 of the Act, as applicable.
- vi. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, based on our report and on the consideration of the report of the other auditors on the separate financial statements and the other information of the subsidiary company included in the consolidated financial statements of the Group, we report that there are no qualifications or adverse remarks in these CARO reports.

For **MUKESH M. SHAH & CO.,**
Chartered Accountants
Firm Registration No.: 106625W

Chandresh S. Shah
Partner

Place: Ahmedabad
Date: May 4, 2022

Membership No.: 042132
UDIN: 22042132AIQHSC8730

“Annexure A” to the Auditors’ Report

Report on the Internal Financial Control clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of HFS Financial Services Limited (hereinafter referred to as “Holding Company”) and its subsidiary company, which are companies incorporated in India, as of that date.

MANAGEMENT RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Holding Company and its subsidiary Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal

control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, the Holding company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

OTHER MATTER

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to a subsidiary company, incorporated in India, is based solely on the corresponding reports of the auditors of such Company incorporated in India.

Our opinion is not modified in respect of the above matter.

For **MUKESH M. SHAH & CO.,**
Chartered Accountants
Firm Registration No.: 106625W

Chandresh S. Shah
Partner

Place: Ahmedabad
Date: May 4, 2022

Membership No.: 042132
UDIN: 22042132AIQHSC8730

Consolidated Balance Sheet

as at 31 March 2022

		(₹ in Lakhs)	
	Note no.	As at 31 March 2022	As at 31 March 2021
ASSETS			
Financial assets			
Cash and cash equivalents	5	28,756.38	98,711.42
Bank balance other than cash and cash equivalents	6	58,310.10	3,219.70
Trade receivables	7	104.63	223.34
Loans	8	4,79,980.90	4,06,330.95
Investments	9	49,320.66	20,158.38
Other financial assets	10	5,552.34	4,974.08
Total financial assets		6,22,025.01	5,33,617.87
Non-financial assets			
Income tax assets (net)	30	623.33	592.40
Deferred tax assets (net)	30	2,516.38	2,256.16
Property, plant and equipment	11(a)	1,293.47	1,144.80
Capital work-in-progress	11(d)	5,204.40	5,002.73
Right-of-use asset	11(c)	60.92	53.82
Intangible assets under development	11(e)	3.57	-
Other intangible assets	11(b)	22.34	9.25
Other non-financial assets	12	421.89	286.04
Total non-financial assets		10,146.30	9,345.20
Total assets		6,32,171.31	5,42,963.07
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	13		
(i) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,458.69	727.85
(ii) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		155.43	100.92
Debt securities	14	36,203.05	31,411.52
Borrowings (other than debt securities)	15	3,93,997.42	3,13,866.80
Subordinated liabilities	16	13,721.55	5,996.55
Other financial liabilities	17	46,186.25	63,467.40
Total financial liabilities		4,91,722.39	4,15,571.04
Non-financial liabilities			
Current tax liabilities (net)	30	248.45	1,214.93
Provisions	18	716.51	396.97
Other non-financial liabilities	19	5,487.27	5,745.30
Total non-financial liabilities		6,452.23	7,357.20
Total liabilities		4,98,174.62	4,22,928.24
EQUITY			
Equity share capital	20	5,466.20	5,466.20
Other equity	21	1,26,285.68	1,12,521.87
Equity attributable to the owners of the Holding Company		1,31,751.88	1,17,988.07
Non-controlling interest		2,244.81	2,046.76
Total equity		1,33,996.69	1,20,034.83
Total liabilities and equity		6,32,171.31	5,42,963.07

The notes referred to above form an integral part of these financial statements

In terms of our report of even date attached

For Mukesh M Shah & Co.

Chartered Accountants

Firm's Registration No: 106625W

Chandresh S. Shah

Partner

Membership No: 042132

Darshana S. Pandya

(Director & Chief Executive Officer)

(DIN - 07610402)

Riddhi B. Bhayani

(Company Secretary & Compliance Officer)

(Membership No: A41206)

Ahmedabad

4 May 2022

For and on behalf of the Board of Directors of

HAS Financial Services Limited

Kamlesh C. Gandhi

(Chairman & Managing Director)

(DIN - 00044852)

Ankit Jain

Chief Financial Officer

Ahmedabad

4 May 2022

Consolidated Statement of Profit and Loss

for the year ended 31 March 2022

(₹ in Lakhs)

	Note no.	Year ended 31 March 2022	Year ended 31 March 2021
I. Revenue from operations			
Interest income	22	60,167.61	51,770.11
Gain on assignment of financial assets (Refer note 32)		6,562.91	9,125.69
Fees and commission income		1,814.30	1,813.78
Net gain on fair value changes	23	472.55	29.90
Total revenue from operations		69,017.37	62,739.48
Other income	24	93.40	31.75
Total income		69,110.77	62,771.23
II. Expenses			
Finance costs	25	33,868.41	28,493.54
Fees and commission expense		2,309.41	624.36
Impairment on financial assets	26	3,527.36	8,136.23
Employee benefits expenses	27	4,778.95	3,503.32
Depreciation, amortization and impairment	28	207.14	257.24
Others expenses	29	2,771.19	2,159.63
Total expenses		47,462.46	43,174.32
Profit before exceptional items and tax (I - II)		21,648.31	19,596.91
Exceptional items		-	-
III. Profit before tax		21,648.31	19,596.91
IV. Tax expense:			
Current tax	30	5,583.11	5,935.17
Excess provision for tax relating to prior years	30	(50.76)	(0.29)
Net current tax expense		5,532.35	5,934.88
Deferred tax expense / (credit)	30	1.08	(890.40)
Net tax expense		5,533.43	5,044.48
V. Profit for the year (III - IV)		16,114.88	14,552.43
VI. Other comprehensive income			
(A) Items that will not be reclassified to profit or loss:			
Re-measurement of the defined benefit liabilities		(8.61)	75.21
Income tax impact on above		2.17	(18.55)
Total (A)		(6.44)	56.66
(B) Items that will be reclassified to profit or loss:			
Loans and advances through other comprehensive Income		(1,029.62)	960.33
Income tax impact on above		259.14	(241.70)
Total (B)		(770.48)	718.63
Other comprehensive income (A+B)		(776.92)	775.29
VII. Total comprehensive income for the year (V + VI)		15,337.96	15,327.72
VIII. Profit for the year attributable to			
Owners of the Holding Company		15,930.76	14,436.01
Non-controlling interest		184.12	116.42
IX. Other comprehensive income attributable to			
Owners of the Holding Company		(769.09)	765.41
Non-controlling Interest		(7.83)	9.88
X. Total comprehensive income attributable to			
Owners of the Holding Company		15,161.67	15,201.42
Non-controlling interest		176.29	126.30
XI. Earnings per equity share (of ₹ 10 each):	31		
Basic (₹)		29.14	26.41
Diluted (₹)		29.14	26.41

See accompanying notes to the financial statements

In terms of our report of even date attached

For Mukesh M Shah & Co.

Chartered Accountants

Firm's Registration No: 106625W

For and on behalf of the Board of Directors of

HAAS Financial Services Limited

Chandresh S. Shah

Partner

Membership No: 042132

Darshana S. Pandya

(Director & Chief Executive Officer)

(DIN - 07610402)

Kamlesh C. Gandhi

(Chairman & Managing Director)

(DIN - 00044852)

Riddhi B. Bhayani

(Company Secretary & Compliance Officer)

(Membership No: A41206)

Ankit Jain

Chief Financial Officer

Ahmedabad

4 May 2022

Ahmedabad

4 May 2022

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022

(A) EQUITY SHARE CAPITAL

(₹ in Lakhs)

Equity Share of ₹ 10 each issued, subscribed and fully paid	
Balance at 1 April 2020	5,466.20
Changes in Equity Share Capital due to prior period errors	-
Restated balance at 1 April 2020	5,466.20
Changes in equity share capital during the year	-
Balance at 31 March 2021	5,466.20
Changes in Equity Share Capital due to prior period errors	-
Restated balance at 31 March 2021	5,466.20
Changes in equity share capital during the year	-
Balance at 31 March 2022	5,466.20

(B) OTHER EQUITY

(₹ in Lakhs)

	Reserves and surplus				Other comprehensive income			Total
	Reserve u/s. 45-IC of RBI Act, 1934	Reserve fund u/s. 29-C of NHB Act, 1987	Equity component of compound financial instruments	Securities premium	Retained earnings	Equity instruments through OCI	Loans and advances through OCI	
Balance at 1 April 2020	14,522.00	314.96	10.72	42,695.48	28,381.53	(0.22)	7,317.50	93,241.97
Profit for the year	-	-	-	-	14,436.01	-	-	14,436.01
Re-measurement of defined benefit plans (net of taxes)	-	-	-	-	54.03	-	-	54.03
Other comprehensive income (net of taxes)	-	-	-	-	-	-	4,790.18	4,790.18
Dividend distribution tax on equity dividend	-	-	-	-	(0.32)	-	-	(0.32)
Transfer to reserve u/s. 45-IC of RBI Act, 1934	2,870.06	-	-	-	(2,870.06)	-	-	-
Transfer to reserve u/s. u/s. 29-C of NHB Act, 1987	-	66.83	-	-	(66.83)	-	-	-
Balance at 31 March 2021	17,392.06	381.79	10.72	42,695.48	39,934.36	(0.22)	12,107.68	1,12,521.87
Profit for the year	-	-	-	-	15,930.76	-	-	15,930.76
Re-measurement of defined benefit plans (net of taxes)	-	-	-	-	(7.19)	-	-	(7.19)
Other comprehensive income (net of taxes)	-	-	-	-	-	-	(656.55)	(656.55)
Final Dividend on equity shares	-	-	-	-	(819.93)	-	-	(819.93)
Interim Dividend on equity shares	-	-	-	-	(683.28)	-	-	(683.28)
Transfer to reserve u/s. 45-IC of the RBI Act, 1934	3,156.53	-	-	-	(3,156.53)	-	-	-
Transfer to reserve u/s. 29-C of NHB Act, 1987	-	87.29	-	-	(87.29)	-	-	-
Balance at 31 March 2022	20,548.59	469.08	10.72	42,695.48	51,110.90	(0.22)	11,451.13	1,26,285.68

In terms of our report of even date attached

For Mukesh M Shah & Co.

Chartered Accountants

Firm's Registration No: 106625W

Chandresh S. Shah

Partner

Membership No: 042132

Darshana S. Pandya

(Director & Chief Executive Officer)

(DIN - 07610402)

Riddhi B. Bhayani

(Company Secretary & Compliance Officer)

(Membership No: A41206)

Ahmedabad

4 May 2022

For and on behalf of the Board of Directors of

HAS Financial Services Limited

Kamlesh C. Gandhi

(Chairman & Managing Director)

(DIN - 00044852)

Ankit Jain

Chief Financial Officer

Ahmedabad

4 May 2022

Consolidated Statement of Cash Flows

for the year ended 31 March 2022

(₹ in Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	21,648.31	19,596.91
Adjustments for :		
Depreciation and amortisation	207.14	257.24
Finance cost	33,868.41	28,493.54
Impairment on financial assets	3,527.36	8,136.23
(Profit) / loss on sale of property, plant and equipment	(0.16)	1.16
Interest income	(60,167.61)	(51,770.11)
Net gain on fair value changes	(285.53)	-
Net gain on sale of investments measured at amortized cost	(23.28)	-
Gain on derecognition of leased asset	(0.07)	(2.83)
	(22,873.74)	(14,884.77)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(1,225.43)	4,712.14
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Loans	(77,001.68)	(51,754.90)
Trade receivables	118.71	(221.10)
Advances received against loan agreements	797.27	(10,021.24)
Bank balance other than cash and cash equivalents	(43.66)	21.16
Other financial asset	(702.15)	(728.60)
Other non-financial asset	(139.96)	106.99
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	785.35	15.99
Other financial liabilities	(17,662.88)	(17,634.32)
Other non-financial liabilities	(258.03)	(4,107.50)
Provisions (Also refer note 34)	319.54	349.75
	(93,787.49)	(83,973.77)
CASH GENERATED FROM / (USED IN) OPERATIONS	(95,012.92)	(79,261.63)
Interest income received	55,186.76	55,094.90
Interest income on Investment measured at amortised cost	1,586.06	42.02
Finance cost paid	(35,465.24)	(28,596.83)
Income tax paid (net)	(6,529.74)	(5,089.20)
	14,777.84	21,450.89
NET CASH FLOW GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)	(80,235.08)	(57,810.74)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipments and intangible assets, including capital advances	(533.63)	(201.41)
Proceeds from sale of property, plant and equipments and intangible assets	0.39	0.10
Change in Earmarked balances with banks and other free deposit	(55,046.74)	(3,048.26)
Interest income from bank deposits	2,497.29	2,971.87
Purchase of investments	(1,19,210.98)	(22,851.84)
Redemption of investments	90,281.54	3,190.94
Profit on redemption of long term investment	23.28	-
NET CASH FLOW GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	(81,988.85)	(19,938.60)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from debt securities and borrowings	2,06,090.11	1,29,110.00
Repayments of debt securities and borrowings	(1,18,200.15)	(79,972.01)
Net increase in working capital borrowings	5,938.22	22,848.29
Repayment of lease liabilities	(51.97)	(106.43)
Dividends paid including dividend distribution tax	(1,507.32)	(4.65)
NET CASH FLOW GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	92,268.89	71,875.20

Consolidated Statement of Cash Flows (contd.)

for the year ended 31 March 2022

	Year ended 31 March 2022	Year ended 31 March 2021
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(69,955.04)	(5,874.14)
Cash and cash equivalents at the beginning of the year	98,711.42	1,04,585.56
Cash and cash equivalents at the end of the year (refer note 1 below)	28,756.38	98,711.42

Notes:

	As at 31 March 2022	As at 31 March 2021
1 Cash and bank balances at the end of the year comprises:		
(a) Cash on hand	24.76	18.07
(b) Balances with banks	25,035.14	51,169.78
(c) Bank deposits with original maturity of 3 months or less	3,696.48	47,523.57
Cash and cash equivalents as per the balance sheet	28,756.38	98,711.42
2 The above cash flow statement has been prepared under the "Indirect method" as set out in the Ind AS - 7 on statement of cash flows specified under section 133 of the Companies Act, 2013.		
3 The Group as at 31 March 2022 has undrawn borrowing facilities amounting to ₹ 1,73,220.24 lakhs that may be available for future operating activities and to settle capital commitments.		

4 Change in liabilities arising from financing activities

	31 March 2021	Cash flows	Non cash changes*	31 March 2022
Debt securities	31,411.52	5,000.00	(208.47)	36,203.05
Borrowings other than debt securities	3,13,866.80	80,828.18	(697.56)	3,93,997.42
Subordinated liabilities	5,996.55	8,000.00	(275.00)	13,721.55
Total liabilities from financing activities	3,51,274.87	93,828.18	(1,181.03)	4,43,922.02

	1 April 2020	Cash flows	Non cash changes*	31 March 2022
Debt securities	-	31,500.00	(88.48)	31,411.52
Borrowings (other than debt securities)	2,73,599.82	40,486.28	(219.30)	3,13,866.80
Subordinated liabilities	5,989.18	-	7.37	5,996.55
Total liabilities from financing activities	2,79,589.00	71,986.28	(300.41)	3,51,274.87

* Non-cash changes represents the effect of amortization of transaction cost.

The notes referred to above form an integral part of these financial statements

In terms of our report of even date attached

For Mukesh M Shah & Co.

Chartered Accountants

Firm's Registration No: 106625W

Chandresh S. Shah

Partner

Membership No: 042132

Darshana S. Pandya

(Director & Chief Executive Officer)

(DIN - 07610402)

Riddhi B. Bhayani

(Company Secretary & Compliance Officer)

(Membership No: A41206)

Ahmedabad

4 May 2022

Ahmedabad

4 May 2022

For and on behalf of the Board of Directors of

HAS Financial Services Limited

Kamlesh C. Gandhi

(Chairman & Managing Director)

(DIN - 00044852)

Ankit Jain

Chief Financial Officer

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022

1. CORPORATE INFORMATION

AAAS Financial Services Limited (the "Holding Company") together with its subsidiary AAAS 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"). AAAS 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 2022. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

v) The following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of incorporation	Ownership held by	% of holding and voting power as at	
				31 March 2022	31 March 2021
HFS Rural Housing & Mortgage Finance Limited	Subsidiary company	India	HFS Financial Services Limited	59.67%	59.67%

2.2 Basis of measurement

The consolidated financial statements have been prepared on historical cost convention and on accrual basis, except for certain financial instruments which are measured at fair value as required by relevant Ind AS.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Group operates (the "functional currency"). Amounts in the consolidated financial statements are presented in lakhs rounded off to two decimal places as permitted by Schedule III to the Act, except when otherwise indicated.

2.4 Use of estimates, judgements and assumptions

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 ("COVID-19"):

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the accounting estimates. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of standalone financial statements.

Judgements

In the process of applying the Group's accounting policies, management has made judgements, which

have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest (the "SPPI") test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value please refer note 3.8 and note 41.

ii) Effective interest rate ("EIR") method

The Group's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/expense that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Elements of the ECL models that are considered accounting judgements and estimates include:

- a) The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.
- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").
- d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
- e) Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Group's lending portfolios.

iv) Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

For further details on provisions and other contingencies refer note 3.16.

v) Provision for income tax and deferred tax assets

The Group uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid / recovered for uncertain tax positions. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Group exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

vi) Defined Benefit Plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable.

2.5 Presentation of the consolidated financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 39.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a

future event, the parties also intend to settle on a net basis in all of the following circumstances:

- i) The normal course of business
- ii) The event of default

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. EIR method

Under Ind AS 109, interest income is recorded using EIR method for all financial instruments measured at amortised cost, financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as stage 3, the Group calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Group reverts to calculating interest income on a gross basis.

3.2 Financial instrument - initial recognition

A. Date of recognition

All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in note 3.8), transaction costs are added to, or subtracted from this amount, except in the case of financial assets and financial liabilities recorded at FVTPL.

C. Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- i) Amortised cost
- ii) FVOCI
- iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel.
- b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- d) The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

SPPI test

As a second step of its classification process, the Group assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, the financial assets are measured as follows:

i) Financial assets carried at amortised cost ("AC")

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at FVOCI

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at FVTPL

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

iv) Other equity investments

All other equity investments are measured at fair value, with value changes recognised in the statement of profit and loss, except for those equity investments for which the Holding Company has elected to present the value changes in other comprehensive income ("OCI").

B. Financial liability

i) Initial recognition and measurement

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the EIR method.

3.4 Reclassification of financial assets

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the circumstances in which the Group changes in its business model for managing those financial assets.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

B. Derecognition of financial assets other than due to substantial modification

i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all

of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of financial assets on account of direct assignment of loans, gain is recognized as "Unearned income on assigned loans" under the head other non-financial liabilities and amortized in the profit or loss over the underlying residual tenure of the assigned portfolio. Refer note 32 for details.

Further, the Group recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

As per the guidelines of RBI, the Group is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continue to recognise the portion retained by it as MRR.

ii) Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of the ECL principles

In accordance with Ind AS 109, the Group uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL.

ECL are measured through a loss allowance at an amount equal to:

- i.) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- ii.) Lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant increase in credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the life time ECL.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. Borrowers are also classified under stage 3 bucket under instances like fraud identification and legal proceeding. Further, stage 3 loan accounts are identified at customer level (i.e. a Stage 1 or 2 customer having other loans which are in Stage 3). The Group records an allowance for life time ECL.

There is a curing period with Stage 3 loan, where even if the DPD days are reduced by 90 days the same will not be upgraded to Stage 1 until the loan is 0 DPD.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

B. The calculation of ECLs

For retail loans

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD "Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the

reporting date, including repayments of principal and interest, expected drawdowns on committed facilities and accrued interest. Further, the EAD for stage 3 retail loan is the outstanding exposure at the time loan is classified as Stage 3 for the first time"

LGD LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

$\% \text{ Recovery rate} = (\text{discounted recovery amount} + \text{security amount} + \text{discounted estimated recovery}) / (\text{total POS})$
 $\% \text{ LGD} = 1 - \text{recovery rate}$

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

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%. Credit impairment loans are determined at borrower level.

Loan commitments: When estimating ECL for undrawn loan commitments, the Group estimates the amount sanctioned that will be disbursed after the reporting date. The ECL is then calculated using PD and LGD.

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Group's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognized.

Significant increase in credit risk

The Group monitors all financial assets, including loan commitments issued that are subject to impairment requirements, to assess whether there has been a significant increase in credit risk since initial recognition. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that

is reasonable and supportable, including historical experience that is available without undue cost or effort. However, when a financial asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is classified in Stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL. Further, a stage 2 customer having other loans which are in stage 1 are considered to have significant increase in credit risk

Definition of default

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

Financial assets in default represent those that are at least 90 DPD in respect of principal or interest and/or where the assets are otherwise considered to be unlikely to pay, including those that are credit-impaired.

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to the statement of profit and loss. The accumulated loss recognised in OCI is recycled to the statement of profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Group relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time. For this purpose, the Group has used the data source of Economist Intelligence Unit.

3.7 Write-offs

The gross carrying amount of a financial asset is written off when the chances of recoveries are remote. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

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Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;
- Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and
- Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 (I) Recognition of other income

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

A. Dividend income

Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

B. Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fees and commission income

Fees and commission income such as stamp and document charges, guarantee commission, service

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

income, due diligence & evaluation changes and portfolio monitoring fees etc. are recognised on point in time basis.

3.9 (II) Recognition of other expense

A. Finance cost

Finance costs are the interest and other costs that the Group incurs in connection with the borrowing of funds. Interest expenses are computed based on effective interest rate method. Finance costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other finance costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives as specified under schedule II of the Act. Land is not depreciated.

The estimated useful lives are, as follows:

- i) Buildings - 60 years
- ii) Office equipment - 3 to 15 years
- iii) Furniture and fixtures - 10 years
- iv) Vehicles - 8 years

Depreciation is provided on a pro-rata basis from the date on which such asset is purchased or ready for its intended use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date. Capital work-in-progress is stated at cost, net of impairment loss, if any.

3.12 Intangible assets

The Group's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as 'Intangible assets under development'.

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Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

3.13 Impairment of non financial assets - property, plant and equipment and intangible assets

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

3.14 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Lease payments associated with short term leases or low value leases are recognised as an expense on a straight-line basis over the lease term.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

3.15 Retirement and other employee benefits

Defined contribution plans

The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

The Group pays gratuity to the employees whoever has completed five years of service with the Group at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Group to the Life Insurance Corporation of India who administers the fund of the Group.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

3.16 Provisions, contingent liabilities and contingent assets

A. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

B. Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be

required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

C. Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are neither recognised nor disclosed in the financial statements.

3.17 Taxes

A. Current tax

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or equity.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off.

C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.18 Earnings per share

Basic earnings per share is computed by dividing the profit after tax (i.e. profit attributable to the owners of the parent) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity

shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

3.19 Dividends on ordinary shares

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Holding Company when the distribution is authorised and the distribution is no longer at the discretion of the Holding Company. As per the Act, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

3.20 Repossessed asset

In the normal course of business whenever default occurs, the Group may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle the outstanding debt.

3.21 Security Deposit

The security deposits received by the customers are in the nature of financial liabilities as defined under Ind AS – 32. The Group uses weighted average rate of borrowing as discount rate to arrive at fair valuation of security deposit. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

No new standards as notified by Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

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Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

5. CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Cash on hand	24.76	18.07
Balances with banks:		
In current / cash credit accounts (refer note 1 below)	25,035.14	51,169.78
Bank deposits with original maturity of 3 months or less (refer note 2 below)	3,696.48	47,523.57
Total cash and cash equivalents	28,756.38	98,711.42

Notes:

- Balance amounting to ₹ 292.04 lakh represents balance with banks in earmarked account i.e. "unspent CSR account".
- Represents bank deposits against overdraft facility as at 31 March 2022.

6. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
In current accounts (refer note 1 below)	10.73	28.27
Earmarked balances with banks:		
Unclaimed dividend bank balances (refer note 2 below)	63.03	1.83
In fixed deposit accounts:		
Deposits given as security against borrowings and other commitments	5,323.05	2,188.24
Bank deposits with original maturity of more than 3 months (refer note 3 below)	52,913.29	1,001.36
Total bank balance other than cash and cash equivalents	58,310.10	3,219.70

Notes:

- Balance represents balance with banks in earmarked account i.e. 'collection and payout account'.
- Balance amounting to ₹ 61.07 lakh was transferred to lien free "current account" after 31 March 2022 as it was available for free use.
- Represents bank deposits against overdraft facility as at 31 March 2022.

7. TRADE RECEIVABLES

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Trade receivables considered good-secured	-	-
Trade receivables considered good-unsecured	104.63	223.34
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total bank balance other than cash and cash equivalents	104.63	223.34

Notes:

- Impairment allowance recognised on trade receivables is ₹ Nil (Previous year: ₹ Nil).
- There is no due by directors or other officers of the Group or any firm or private company in which any director is a partner, a director or a member.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Trade Receivables ageing schedule as at 31 March 2022

(₹ In Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	14.72	46.41	43.50	-	-	104.63
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

Trade Receivables ageing schedule as at 31 March 2021

(₹ In Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	223.34	-	-	-	-	223.34
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

8. LOANS

(₹ In Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	At fair value through OCI	At amortised cost	Total	At fair value through OCI	At amortised cost	Total
(A) (I) Bills Purchased and Bills Discounted	-	4,088.81	4,088.81	-	-	-
Less: Impairment loss allowance	-	(30.70)	(30.70)	-	-	-
Total (A) (I)-Net	-	4,058.11	4,058.11	-	-	-
(A) (II) Term Loans - Gross	4,63,069.27	13,235.52	4,76,304.79	3,86,070.97	20,698.02	4,06,768.99
Less: Impairment loss allowance	-	(382.00)	(382.00)	-	(438.04)	(438.04)
(A) (II) Term loans	4,63,069.27	12,853.52	4,75,922.79	3,86,070.97	20,259.98	4,06,330.95
Total (A)-Net	4,63,069.27	16,911.63	4,79,980.90	3,86,070.97	20,259.98	4,06,330.95
(B) (i) Secured by tangible assets	3,43,927.18	17,324.33	3,61,251.51	2,78,582.60	20,698.02	2,99,280.62
(ii) Unsecured	1,19,142.09	-	1,19,142.09	1,07,488.37	-	1,07,488.37
Total (B)-Gross	4,63,069.27	17,324.33	4,80,393.60	3,86,070.97	20,698.02	4,06,768.99
Less: Impairment loss allowance	-	(412.70)	(412.70)	-	(438.04)	(438.04)
Total (B)-Net	4,63,069.27	16,911.63	4,79,980.90	3,86,070.97	20,259.98	4,06,330.95

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	At fair value through OCI	At amortised cost	Total	At fair value through OCI	At amortised cost	Total
(C) (I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Private Sector	4,63,069.27	17,324.33	4,80,393.60	3,86,070.97	20,698.02	4,06,768.99
Total (C)-Gross	4,63,069.27	17,324.33	4,80,393.60	3,86,070.97	20,698.02	4,06,768.99
Less: Impairment loss allowance	-	(412.70)	(412.70)	-	(438.04)	(438.04)
Total (C) (I) -Net	4,63,069.27	16,911.63	4,79,980.90	3,86,070.97	20,259.98	4,06,330.95
(C) (II) Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total (C) (II)- Net	-	-	-	-	-	-
Total C(I) and C(II)	4,63,069.27	16,911.63	4,79,980.90	3,86,070.97	20,259.98	4,06,330.95

Loans or advances in the nature of loans are granted to promoters, directors, KMPs, and the related parties, either severally or jointly with any other person

Particulars	As at 31 March 2022	% to the total Loans and Advances in the nature of loans	As at 31 March 2021	% to the total Loans and Advances in the nature of loans
Promoter	Nil	Nil	Nil	Nil
Directors	15.51	0.00%	18.11	0.00%
KMPs	Nil	Nil	Nil	Nil
Related parties	Nil	Nil	Nil	Nil

Notes:

- Refer note no. 36(b) for loans to companies in which directors are interested.
- The impairment on loans measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss.

8.1 An analysis of changes in the gross carrying amount of loans is given below*

(₹ In Lakhs)

	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	3,95,184.48	9,555.51	6,540.89	4,11,280.88	3,52,437.13	9,648.94	6,384.58	3,68,470.65
Changes in opening credit exposures (net of repayment and excluding write off)	(2,76,788.64)	(2,740.99)	(2,319.67)	(2,81,849.30)	(2,07,420.43)	(2,148.40)	(379.85)	(2,09,948.68)
New assets originated (net of repayment)**	3,54,587.75	2,380.19	1,782.55	3,58,750.49	2,55,330.03	883.63	128.08	2,56,341.74
Transfers from Stage 1	(9,837.96)	4,599.10	5,238.86	-	(8,479.75)	7,136.44	1,343.31	-
Transfers from Stage 2	277.30	(2,825.85)	2,548.55	-	4,880.90	(5,914.56)	1,033.66	-
Transfers from Stage 3	28.21	-	(28.21)	-	29.62	0.63	(30.25)	-
Amounts written off	(21.37)	(84.68)	(3,110.99)	(3,217.04)	(1,593.02)	(51.17)	(1,938.64)	(3,582.83)
Gross carrying amount closing balance	4,63,429.77	10,883.28	10,651.98	4,84,965.03	3,95,184.48	9,555.51	6,540.89	4,11,280.88

* The above classification also includes balance of spread receivable on assigned portfolio. (Refer note no. 10)

** New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

In accordance with the board approved moratorium policy read with RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Group had granted moratorium up to six months on the payment of installments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers.

The Honourable Supreme Court of India in a public interest litigation (Gajendra Sharma vs. Union of India & Anr), vide an interim order dated 3 September 2020 ('interim order'), has directed that no additional borrower accounts shall be classified as impaired ('non-performing assets' or 'NPA') which were not declared NPA till 31 August 2020, till further orders. Based on the said interim order, the Group has not classified any standard account as of 31 August 2020 as NPA after 31 August 2020. The Group has classified those accounts as stage 3 and provisioned accordingly for financial reporting purposes.

The interim order granted to not declare accounts as NPA stood vacated on 23 March 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors, and other connected matters, in accordance with the instructions in paragraph 5 of the RBI circular no. RB1/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated 7 April 2021 issued in this connection, the Group has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms and as per ECL model under Ind AS financial statements for the year ended 31 March 2021 and 31 March 2022.

8.2 Reconciliation of ECL balance is given below:

(₹ In Lakhs)

	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	5,977.70	1,894.16	2,516.95	10,388.81	2,287.71	1,949.70	1,936.03	6,173.44
Changes in opening credit exposures (net of repayment and excluding write off)	(2,083.21)	(384.54)	(150.56)	(2,618.31)	1,356.14	(888.79)	303.93	771.28
New assets originated (net of repayment)	3,450.27	230.48	926.75	4,607.50	3,736.38	276.37	47.97	4,060.72
Transfers from Stage 1	(2,707.39)	692.71	2,014.69	0.01	(1,671.37)	1,141.09	530.28	-
Transfers from Stage 2	2.13	(1,076.37)	1,074.24	-	276.93	(561.10)	284.17	-
Transfers from Stage 3	0.24	-	(0.24)	-	0.64	-	(0.64)	-
Amounts written off	(0.52)	(19.08)	(1,863.72)	(1,883.32)	(8.73)	(23.11)	(584.79)	(616.63)
ECL allowance - closing balance	4,639.22	1,337.36	4,518.11	10,494.69	5,977.70	1,894.16	2,516.95	10,388.81

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 3,217.04 lakh at 31 March 2022 (31 March 2021 : ₹ 3,582.83 lakh).

The increase in ECL was driven by an increase in the gross amount of the portfolio, movements between stages as a result of increase in credit risk, change in probability of default and macro economic factors due to estimated impact of COVID-19 pandemic. The extent to which COVID-19 pandemic will impact current estimates of ECL is uncertain at this point of time. The Group has conducted a qualitative assessment and has considered forecasted macro economic factors and a higher probability of default to factor in the potential impact of COVID-19 on impairment allowances. For further details, refer note no. 43.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

8.3 Credit quality of loan assets

The table below shows the gross carrying amount of loans based on the Group's internal grading model and year-end stage classification of loans. The amounts presented are gross of impairment allowances. Details of the Group's internal grades are explained in note 43.1.

(₹ In Lakhs)

	31 March 2022				31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal grade								
Performing								
High quality assets	4,63,429.77	-	-	4,63,429.77	3,95,184.48	-	-	3,95,184.48
Quality assets	-	5,311.68	-	5,311.68	-	4,420.78	-	4,420.78
Standard assets	-	5,571.60	-	5,571.60	-	5,134.73	-	5,134.73
Non- performing								
Sub standard assets	-	-	5,160.65	5,160.65	-	-	2,721.61	2,721.61
Low quality assets	-	-	5,491.33	5,491.33	-	-	3,819.28	3,819.28
Total	4,63,429.77	10,883.28	10,651.98	4,84,965.03	3,95,184.48	9,555.51	6,540.89	4,11,280.88

9. INVESTMENTS

(₹ In Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	At amortised cost	At fair value through P&L	Total	At amortised cost	At fair value through P&L	Total
Investments						
Alternative investment funds	-	3,558.71	3,558.71	-	2,029.90	2,029.90
Pass through certificates under securitization transactions	14,125.55	-	14,125.55	6,564.03	-	6,564.03
Market linked debentures	-	26,296.65	26,296.65	-	11,566.97	11,566.97
Non - convertible debentures	4,931.71	-	4,931.71	-	-	-
Mutual fund units	-	463.25	463.25	-	-	-
Total – Gross (A)	19,057.26	30,318.61	49,375.87	6,564.03	13,596.87	20,160.90
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	19,057.26	30,318.61	49,375.87	6,564.03	13,596.87	20,160.90
Total (B)	19,057.26	30,318.61	49,375.87	6,564.03	13,596.87	20,160.90
Less: Allowance for impairment loss (C)	(55.21)	-	(55.21)	(2.52)	-	(2.52)
Total – Net D= (A)-(C)	19,002.05	30,318.61	49,320.66	6,561.51	13,596.87	20,158.38

10. OTHER FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Security deposits	99.77	81.50
Interest accrued but not due on investments	67.37	2.20
Spread receivable on assigned portfolio	4,571.43	4,511.89
Advances to dealer	813.77	-
Interest Waiver Receivable From Banks	-	15.87
Ex-gratia interest amount under GOI scheme (net of ECL)	-	362.62
Total other financial assets	5,552.34	4,974.08

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(₹ In Lakhs)

Nature of assets	Property, plant and equipment (a)				Intangible assets (b)			
	Buildings	Office equipment	Furniture and fixtures	Vehicles	Total	Software	Other intangibles	Total
Cost								
As at 1 April 2020	668.19	403.18	298.80	265.94	1,636.11	40.48	0.10	40.58
Additions	-	16.89	-	-	16.89	3.13	-	3.13
Disposals	-	32.01	-	-	32.01	-	-	-
As at 31 March 2021	668.19	388.06	298.80	265.94	1,620.99	43.61	0.10	43.71
Additions	-	127.18	55.15	122.59	304.92	18.97	-	18.97
Disposals	-	0.70	-	-	0.70	-	-	-
As at 31 March 2022	668.19	514.54	353.95	388.53	1,925.21	62.58	0.10	62.68
Depreciation/amortisation								
As at 1 April 2020	31.92	164.92	54.79	101.57	353.20	28.77	0.01	28.78
Depreciation/amortization charge	11.44	71.29	30.57	40.44	153.74	5.67	0.01	5.68
Disposal	-	30.75	-	-	30.75	-	-	-
As at 31 March 2021	43.36	205.46	85.36	142.01	476.19	34.44	0.02	34.46
Depreciation/amortization charge	11.44	68.46	31.14	44.98	156.02	5.87	0.01	5.88
Disposal	-	0.47	-	-	0.47	-	-	-
As at 31 March 2022	54.80	273.45	116.50	186.99	631.74	40.31	0.03	40.34
Net block value:								
At 31 March 2021	624.83	182.60	213.44	123.93	1,144.80	9.17	0.08	9.25
At 31 March 2022	613.39	241.09	237.45	201.54	1,293.47	22.27	0.07	22.34

Note: No revaluation of any class of asset is carried out during the year.

11 (c) Right-of-use Asset

The details of the right-of-use asset held by the Group is as follows:

(₹ In Lakhs)

Office Premises	
As at 1 April 2020	290.83
Additions	-
Disposals	24.69
As at 31 March 2021	266.14
Additions	52.66
Disposals	0.58
As at 31 March 2022	318.22
Depreciation	
As at 1 April 2020	123.18
Additions	97.81
Disposals	8.67
As at 31 March 2021	212.32
Additions	45.24
Disposals	0.26
As at 31 March 2022	257.30
Net Block Value:	
As at 31 March 2021	53.82
As at 31 March 2022	60.92

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

11 (d) CAPITAL WORK IN PROGRESS

Capital work in progress includes borrowing costs related to development of building amounted to ₹ 146.29 lakhs (31 March 2021: ₹ 181.39 lakhs). Finance costs are capitalised using rates based on specific borrowing rate i.e. 8.39%.

(₹ In Lakhs)

Capital work-in-progress	
As at 1 April 2020	4,821.34
Additions	181.39
Disposals	-
As at 31 March 2021	5,002.73
Additions	201.67
Disposals	-
As at 31 March 2022	5,204.40

Capital work in progress aging schedule

(₹ In Lakhs)

Capital work in progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
Projects in progress	201.67	181.39	256.92	4,564.42	5,204.40
Projects temporarily suspended	-	-	-	-	-
As at 31 March 2021					
Projects in progress	181.39	256.92	33.92	4,530.51	5,002.74
Projects temporarily suspended	-	-	-	-	-

Capital work in progress completion schedule

(₹ In Lakhs)

Capital work in progress	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
HAAS headquarters	-	-	-	5,193.56	5,193.56
As at 31 March 2021					
HAAS headquarters	-	-	-	5,002.73	5,002.73

11 (e) Intangible assets under development

(₹ In Lakhs)

Intangible assets under development	
As at 1 April 2020	-
Additions	-
Disposals	-
As at 31 March 2021	-
Additions	3.57
Disposals	-
As at 31 March 2022	3.57

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Intangible assets under development aging schedule

(₹ In Lakhs)

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
Projects in progress	3.57	-	-	-	3.57
Projects temporarily suspended	-	-	-	-	-
As at 31 March 2021					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

12. OTHER NON-FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Prepaid expenses	139.32	10.32
Advances to employees	15.38	16.61
Re-possessed assets	178.54	176.00
Balance with Government Authorities	29.91	19.12
Capital advances	4.50	-
Gratuity fund [refer note 40(b)]	8.10	4.79
Other advances	46.14	59.20
Total	421.89	286.04

13. PAYABLES

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(a) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,458.69	727.85
(b) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	155.43	100.92
Total	1,614.12	828.77

Trade Payables aging schedule

(₹ In Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
(i) MSME	-	-	-	-	-
(ii) Others	1,256.22	178.73	22.46	1.28	1,458.69
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
As at 31 March 2021					
(i) MSME	-	-	-	-	-
(ii) Others	699.62	26.95	-	1.28	727.85
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Group from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
(a) Dues remaining unpaid to any supplier at the year end		
- Principal	-	-
- Interest on above	-	-
(b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
(d) Amount of interest accrued and remaining unpaid	-	-
(e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

14. DEBT SECURITIES (AT AMORTISED COST)

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Secured debentures (refer note 14.1)		
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	10,000.00
- 500, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	5,000.00
- 1000, 9.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	10,000.00
Market Linked debenture	36,500.00	6,500.00
Less: Unamortised borrowing costs	(296.95)	(88.48)
Total	36,203.05	31,411.52
Debt securities in India	36,203.05	31,411.52
Debt securities outside India	-	-
Total	36,203.05	31,411.52

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

14.1 Details of terms of redemption/repayment in respect of debt securities:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Debentures				
1000, 9.00% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	-	10,000.00	Coupon Rate: 9% p.a. Coupon Payment frequency: Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 years and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
500, 9.00% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	-	5,000.00	Coupon Rate: 9% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 years and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
1000, 9.00% Redeemable, Non-Convertible Debentures of ₹10,00,000 each	-	10,000.00	Coupon Rate: 9% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 1 years and 6 months	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	6,500.00	6,500.00	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Year	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	10,000.00	-	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Year and 6 Month	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	10,000.00	-	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Year and 1 day	Secured by a first ranking exclusive Hypothecation charge over Assets
Market Linked Debentures	10,000.00	-	Coupon Rate: Market Linked Coupon Payment frequency : on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 2 Year and 2 months	Secured by a first ranking exclusive Hypothecation charge over Assets
Total debentures	36,500.00	31,500.00		

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

15. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(a) Term loans (refer note no. 15.1)		
(i) from banks	1,98,984.55	1,29,733.83
(ii) from NHB	1,302.45	1,605.41
(iii) from other parties (financial institutions)	37,485.84	36,546.85
(b) Loans repayable on demand from banks-cash credit/overdraft (Refer note below)	26,586.90	34,346.53
(c) Short term loans		
(i) from banks	1,26,494.07	1,12,796.22
(d) Borrowing under securitisation	5,003.21	-
Less: Unamortised borrowing costs	(1,859.60)	(1,162.04)
Total	3,93,997.42	3,13,866.80
Secured	3,91,514.32	3,11,387.53
Unsecured	2,483.12	2,479.27
Total	3,93,997.44	3,13,866.80
Borrowings in India	3,93,997.44	3,13,866.80
Borrowings outside India	-	-
Total	3,93,997.44	3,13,866.80

Note:

For cash credit / Overdraft and short term loans

- (a) Cash credit / short term loans from banks are secured by hypothecation of movable assets of the Group and goods covered under hypothecation ("HP") agreements / Loan cum HP agreements and book debts, receivables, loans and advances and entire portfolio outstanding (except specific portfolio generated from various term loans sanctioned by various banks/financial institutions on an exclusive basis) and equitable mortgage/negative lien by deposit of title deeds on some of the Group's immovable properties, as collateral security. The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi, Mrs. Shweta Kamlesh Gandhi and Legal heirs of Late Mr. Mukesh Chimanlal Gandhi. Overdraft loans are secured against fixed deposits placed.

- (b) Interest rate range

Interest rate ranges from 2.90% p.a to 11.00% p.a as at 31 March 2022.

Interest rate ranges from 7.65% p.a to 12.00% p.a as at 31 March 2021.

The Group has not defaulted in repayment of borrowings and interest.

The Group has borrowings from banks or financial institutions on the basis of security of current assets and the quarterly returns or statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of accounts of the Group.

The carrying amount of financial assets which is hypothecated against secured borrowing inclusive of margin requirement ranging from 1.00 times to 1.25 times is amounting to ₹ 4,81,497.41 lakhs (31 March 2020: ₹ 4,09,016.39 lakhs)

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

15.1 Details of terms of repayment in respect of term loans:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term loans from Bank (Refer note i)				
Term Loan - 1	1,600.00	2,400.00	Repayable in 12 Quarterly installments from 30 June 2021	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 2	9,166.67	-	Repayable in 12 Quarterly installments from 31 March 2022	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 3	-	0.58	Repayable in 20 Quarterly installments from 30 September 2016.	Secured by a first ranking and exclusive charge on standard receivables of the Holding Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 4	6,399.17	8,000.00	Repayable in 20 Quarterly installments from 30 June 2021.	Secured by a first ranking and exclusive charge on standard receivables of the Holding Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 5	13,500.00	-	Repayable in 20 Quarterly installments from 05 November 2021.	Exclusive charge by way of hypothecation of standard book debts/ receivables which are to be financed by the Holding company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 5	20,000.00	-	Repayable in 12 Quarterly installments from 30 June 2022.	Exclusive first charge on the specific loan portfolio of the Borrower by way of hypothecation on the loan installments receivables. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 7	3,500.00	-	Repayable in 36 monthly installments from 01 May 2022.	First Exclusive hypothecation charge on book debts created out of Bank Loan.
Term Loan - 8	9,497.65	-	Repayable in 20 Quarterly installments from 31 March 2022.	Exclusive charge by way of hypothecation of standard book debts/ receivables which are financed/ to be financed by the Holding company out of the proposed term loan to the company.
Term Loan - 9	5,454.57	7,500.00	Repayable in 33 monthly installments from 30 July 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 10	5,000.00	-	- Repayable in 33 monthly installments from 30 July 2022.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 11	-	626.39	Repayable in 36 monthly installments from 7 August 2018.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 12	-	778.57	Repayable in 36 monthly installments from 7 September 2018.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 12	1,580.56	1,914.10	Repayable in 96 monthly installments from 7 April 2018.	First and exclusive charge on land, property and commercial property under construction.
Term Loan - 14	728.91	1,958.22	Repayable in 36 monthly installments from 7 November 2019.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 15	269.20	522.58	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 16	1,076.79	2,090.32	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 17	448.66	870.97	Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 18	500.00	750.00	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 19	2,000.00	3,000.00	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 20	833.33	1,250.00	Repayable in 36 monthly installments from 7 April 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 21	583.33	-	- Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 22	2,333.33		- Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 23	972.22		- Repayable in 36 monthly installments from 7 August 2021.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 24	687.54		- Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 25	2,750.14		- Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 26	1,145.89		- Repayable in 36 monthly installments from 7 January 2022.	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 27	-	208.33	Repayable in 36 monthly installments from 31 July 2018.	First and exclusive charge by way of hypothecation on the Holding Company's book debts and loan installments receivables.
Term Loan - 28	2,666.67	4,000.00	Repayable in 36 monthly installments from 30 April 2021.	Secured by a first and exclusive charge on specific book debt and future receivables of the Holding Company created/to be created out of the loan availed.
Term Loan - 29	-	4,583.33	Repayable in 36 monthly installments from 30 April 2019.	First exclusive charge of present and future book debts and receivables of the Holding Company.
Term Loan - 30	-	2,536.36	Repayable in 11 Quarterly installments from 30 September 2019.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Holding Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 31	1,825.25	7,272.73	Repayable in 11 Quarterly installments from 30 December 2020.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Holding Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 32	7,784.85	10,000.00	Repayable in 18 Quarterly installments from 30 December 2021.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Holding Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 33	10,000.00	-	Repayable in 18 Quarterly installments from 24 September 2022.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Holding Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 34	5,000.00	-	Repayable in 10 Quarterly installments from 14 December 2022.	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 35	4,165.85	-	Repayable in 12 Quarterly installments from 16 December 2021.	Exclusive charge by way of Hypothecation of book debt/receivables arising out of bank financial assets of the borrower.
Term Loan - 36	-	166.67	Repayable in 36 monthly installments from 1 August 2018.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 37	416.67	1,250.00	Repayable in 12 Quarterly installments from 30 November 2019.	Exclusive charge on specific standard book debts and receivables which are financed / to be financed by the Holding Company out of the bank finance.
Term Loan - 38	750.00	3,750.00	Repayable in 8 Quarterly installments from 30 September 2020.	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 39	734.57	4,879.76	Repayable in 12 Quarterly installments from 31 March 2020.	Exclusive charge by way of hypothecation of such of the book debts, which are financed/ to be financed by the Holding Company out of the bank financed to the Company. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi.
Term Loan - 40	2,599.96	5,200.00	Repayable in 16 Quarterly installments from 30 September 2019.	Secured by Hypothecation of portfolio of the Holding Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 41	7,649.91	12,750.00	Repayable in 16 Quarterly installments from 29 February 2020.	Secured by Hypothecation of portfolio of the Holding Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mrs. Shweta Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loan - 42	1,500.00	2,000.00	Repayable in 16 Quarterly installments from 26 June 2021.	Exclusive charge by way of hypothecation on book debts under standard assets portfolio of the borrower eligible for Bank finance.
Term Loan - 43	11,043.60	15,489.46	Repayable in 18 Quarterly installments from 31 December 2020.	Exclusive charge by the way of hypothecation on specific receivables of the Holding Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 44	8,421.05	5,000.00	Repayable in 19 Quarterly installments from 30 September 2021.	Exclusive charge by the way of hypothecation on specific receivables of the Holding Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 45	-	3.83	Repayable in 36 monthly installments from 5 July 2018.	Secured by hypothecation of the vehicle financed.
Term Loan - 46	28,500.00	-	Repayable in 20 Quarterly installments from 31 March 2022.	Exclusive charge by the way of hypothecation on specific receivables of the Holding Company. Personal Guarantee of Mr. Kamlesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 47	-	250.00	Repayment in 8 Quarterly Instalments from 27 March 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 48	-	1,515.63	Repayment in 8 Quarterly Instalments from 27 December 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 49	1,000.00	1,500.00	Repayment in 36 Monthly Instalments from 03 April 2021	The Term loan shall be secured by exclusive hypothecation of present & future loan receivables of the Subsidiary company created out of the loan. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 50	285.42	810.42	Repayment in 24 Quarterly Instalments starting from 31 March 2017	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 51	125.00	375.00	Repayment in 24 Quarterly Instalments starting from 31 March 2017	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 52	125.00	291.67	Repayment in 24 Quarterly Instalments beginning from 31 July 2016	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 53	104.17	187.50	Repayment in 24 Quarterly Instalments starting from 30 June 2017	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 54	250.00	416.67	Repayment in 24 Quarterly Instalments starting from 30 June 2017	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 55	666.95	902.09	Repayment in 57 Monthly Instalments starting from 30 October 2020	Loan is secured by Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Subsidiary company out of the bank finance to the company. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 56	2,878.71	2,000.00	Repayment in 60 Monthly Instalments starting from 30 July 2021	Loan is secured by Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Subsidiary company out of the bank finance to the company. Personal Guarantee of Mr. Kamlesh Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 57	-	107.14	Repayment in 28 Quarterly Instalments from 30 April 2014	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 58	20.83	104.17	Repayment in 24 Quarterly Instalments beginning from 30 June 2016	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan - 59	540.90	713.35	Repayment in 24 Quarterly Instalments starting from 31 January 2019	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets). Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 60	290.02	419.71	Repayment in 24 Quarterly Instalments starting from 30 September 2019	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets). Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 61	702.32	965.13	Repayment in 24 Quarterly Instalments from 31 December 2020	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets). Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 62	1,185.93	1,510.74	Repayment in 24 Quarterly Instalments from 30 June 2021	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets). Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 63	-	831.13	Repayment in 10 Quarterly Instalments starting from 28 February 2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mrs Shweta Gandhi.
Term Loan - 64	1,311.77	1,914.84	Repayment in 26 Quarterly Instalments starting from 28 February 2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mrs Shweta Gandhi.
Term Loan - 65	-	37.50	Repayment in 24 Quarterly Instalments from 19 March 2016	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the Subsidiary company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mrs Shweta Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 66	-	87.43	Repayment in 24 Quarterly Instalments from 19 March 2016	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the Subsidiary company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mrs Shweta Gandhi.
Term Loan - 67	375.00	541.67	Repayment in 24 Quarterly Instalments from 31 March 2018	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 68	-	166.52	Repayment in 36 monthly Instalments from 30 April 2018	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 69	2,222.22	3,333.33	Repayment in 18 Quarterly Instalments from 30 June 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 70	849.70	-	Repayment in 20 Quarterly Instalments from 25 September 2021	Exclusive charge by way of hypothecation of book debts, which are financed/ to be financed by the company out of the bank financed to the company Subsidiary Company should maintain 1.10 time security cover of outstanding amount of term loan on continuous basis during the tenure of term loan. Personal Guarantee of Mr. Kamlesh Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan - 71	2,000.00		- Repayment in 10 Quarterly Instalments from 25 June 2022	Loan is secured by Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Subsidiary company out of the bank finance to the Subsidiary company. Personal Guarantee of Mr. Kamlesh Gandhi.
Term Loan - 72	964.28		- Repayment in 28 Quarterly Instalments from 31 March 2022	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the Subsidiary company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi.
Total term loans from banks	1,98,984.55	1,29,733.83		

Note (i):

Interest rate ranges from 7.80% p.a to 10.30% p.a as at 31 March 2022.

Interest rate ranges from 7.75% p.a to 10.75% p.a as at 31 March 2021.

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term loans from NHB (Refer note ii)				
Term Loan from NHB - 1	176.09	227.41	Repayment in 39 Quarterly Instalments from 01 July 2017	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 2	190.65	246.22	Repayment in 39 Quarterly Instalments from 01 October 2017	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 3	158.50	179.10	Repayment in 60 Quarterly Instalments from 01 October 2019	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 4	40.00	70.00	Repayment in 60 Quarterly Instalments from 01 October 2019	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 5	308.21	379.60	Repayment in 60 Quarterly Instalments from 01 July 2020	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan from NHB - 6	244.00	276.00	Repayment in 39 Quarterly Instalments from 01 October 2020	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 7	73.69	83.01	Repayment in 39 Quarterly Instalments from 31 July 2020	First & Exclusive Hypothecation of Specific Receivables of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from NHB - 8	111.31	144.07	Repayment in 51 Quarterly Instalments from 01 July 2014	A first exclusive mortgage and or a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Subsidiary Company. Corporate Guarantee of HAS Financial Services Ltd.
Total term loans from NHB	1,302.45	1,605.41		

Note (ii):

Interest rate ranges from 4.68% p.a to 8.90% p.a as at 31 March 2022.

Interest rate ranges from 4.68% p.a to 8.90% p.a as at 31 March 2021.

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term loans from others (Refer note iii)				
Term Loans from a Financial Institution - 1	-	1,053.62	Repayable in 36 monthly installments from 15 March 2019.	Exclusive charge by way of hypothecation of specific standard receivable of the Subsidiary Company.
Term Loans from a Financial Institution - 2	-	1,705.72	Repayable in 36 monthly installments from 10 March 2019.	Secured by hypothecation of specific book debts created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 3	-	500.00	Repayable in 10 quarterly installments from 31 March 2019.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Subsidiary Company created out of the loan availed.
Term Loans from a Financial Institution - 4	-	1,666.67	Repayable in 36 monthly installments from 30 April 2019.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Subsidiary Company created out of the loan availed.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loans from a Financial Institution - 5	763.89	1,597.22	Repayable in 36 monthly installments from 31 March 2020.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Subsidiary Company created out of the loan availed.
Term Loans from a Financial Institution - 6	1,983.33	3,116.67	Repayable in 36 monthly installments from 31 January 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Subsidiary Company created out of the loan availed.
Term Loans from a Financial Institution - 7	1,066.67	1,600.00	Repayable in 36 monthly installments from 30 April 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Subsidiary Company created out of the loan availed.
Term Loans from a Financial Institution - 8	2,500.00	2,500.00	Bullet Repayment on 17 August 2026.	N.A.
Term Loans from a Financial Institution - 9	4,166.67	-	Repayable in 36 monthly installments from 31 October 2021.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Subsidiary Company created out of the loan availed.
Term Loans from a Financial Institution - 10	-	1,300.00	Repayable in 9 monthly installments from 10 August 2020.	Secured by exclusive first charge by way of hypothecation on standardbook debts of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 11	8,330.00	-	Repayable in 9 monthly installments from 10 January 2022.	Secured by exclusive first charge by way of hypothecation on standardbook debts of the Subsidiary Company. Personal Guarantee of Mr. Kamlesh Gandhi
Term Loans from a Financial Institution - 12	-	62.50	Repayable in 10 quarterly installments from 10 March 2020.	Exclusive first charge by way of hypothecation of book debts and receivables of secured loans provided by the Borrower. Personal Guarantee of Mr. Kamlesh Gandhi and legal heirs of Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 13	16,000.00	20,000.00	Repayable in 20 Quarterly installments from 30 June 2021.	Exclusive charge by way of hypothecation of the specific receivables/book debts. Liquid collateral of 10% of the sanctioned amount.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Term Loan from Financial Institutions - 1	194.44	527.78	Repayment in 36 Monthly Instalments starting from 30 November 2019	The Loan is secured by Exclusive first charge on the loan portfolio of the Borrower by way of hypothecation on the loan instalments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Financial Institutions - 2	583.33	916.67	Repayment in 36 Monthly Instalments starting from 31 January 2021	The Loan is secured by Exclusive first charge on the loan portfolio of the Borrower by way of hypothecation on the loan instalments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & legal heirs of Mukesh Gandhi.
Term Loan from Financial Institutions - 3	1,897.51	-	Repayment in 60 Monthly Instalments starting from 15 January 2022	Exclusive charge on specific loan assets / book debts of the company assigned to TCFSL at a minimum cover of 1.10 times. Personal Guarantee of Mr. Kamlesh Gandhi.
Total term loans from others	37,485.84	36,546.85		

Note (iii):

Interest rate ranges from 5.75% p.a to 10.00% p.a as at 31 March 2022.

Interest rate ranges from 6.32% p.a to 11.15% p.a as at 31 March 2021.

Note:

The above table doesn't include associated liabilities to securitized asset that has been re-recognised due to non fulfilment of derecognition criteria as per Ind AS amounting to ₹ 5,003.21 lakh.

16. SUBORDINATED LIABILITIES (AT AMORTISED COST)

	As at 31 March 2022	As at 31 March 2021
Unsecured debentures (refer note no. 16.1)		
- 400, 14.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	4,000.00	4,000.00
- 200, 13.50% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	-	2,000.00
- 50, 10.75% Redeemable, Non-Convertible Debentures of ₹ 100,00,000 each	5,000.00	-
- 500, 10.75% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	5,000.00	-
Less: Unamortised borrowing costs	(278.45)	(3.45)
Total	13,721.55	5,996.55
Subordinated liabilities in India	13,721.55	5,996.55
Subordinated liabilities outside India	-	-
Total	13,721.55	5,996.55

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

16.1 Details of terms of redemption/repayment in respect of subordinated liabilities:

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021	Terms of redemption/ repayment	Security
Subordinated liabilities				
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each	4,000.00	4,000.00	Coupon Rate: 13.00% p.a. Coupon Payment frequency: Quarterly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor :7 years	N.A.
200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 lakhs each	-	2,000.00	Coupon Rate: 13.50% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 6 years and 6 months	N.A.
50, 10.75% unsecured, rated, listed, redeemable, subordinated, taxable, transferable, non-convertible debentures of ₹ 100 lakhs each	5,000.00	-	Coupon Rate: 10.75% p.a. Coupon Payment frequency : Monthly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 5 years and 7 months	N.A.
500, 10.75% unlisted, subordinated, unsecured, redeemable, non-convertible debentures of ₹ 10 lakhs each	5,000.00	-	Coupon Rate: 10.75% p.a. Coupon Payment frequency : Monthly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenor Tenor : 6 years	N.A.
Total subordinated liabilities	14,000.00	6,000.00		

17. OTHER FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Interest accrued but not due on borrowings	2,950.78	2,210.84
Interest accrued but not due on others	1,423.34	2,579.07
Dues to the assignees towards collections from assigned receivables	12,979.62	26,223.67
Security deposits received from borrowers	27,628.98	32,027.41
Advances received against loan agreements	810.14	12.87
Unpaid dividend on equity shares	1.96	1.83
Dealer advances	228.61	266.90
Lease liability	66.44	66.14
Provision for Interest on Interest waiver	-	78.67
Other payable	96.38	-
Total other financial liabilities	46,186.25	63,467.40

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

18. PROVISIONS

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits (Refer note 40)		
Compensated absences	17.77	7.66
Provision for Gratuity	7.83	5.10
Provision for unspent CSR liability	690.91	384.21
Total provisions	716.51	396.97

19. OTHER NON-FINANCIAL LIABILITIES

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Statutory remittances	151.40	267.88
Unearned income on assigned loans	4,571.43	4,511.89
Income received in advance	764.44	965.53
Total other non-financial liabilities	5,487.27	5,745.30

20. EQUITY SHARE CAPITAL

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Authorized shares:		
6,40,00,000 Equity Shares of ₹ 10 each (As at 31 March 2021: 6,40,00,000 Equity Shares of ₹ 10 each)	6,400.00	6,400.00
2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2021: 2,20,00,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2021: 2,20,00,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 1,00,000 each (As at 31 March 2021: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each)	400.00	400.00
	11,200.00	11,200.00
Issued, subscribed and fully paid-up shares:		
5,46,62,043 Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2021: 5,46,62,043 Equity Shares of ₹ 10 each)	5,466.20	5,466.20
	5,466.20	5,466.20

20.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Equity Shares				
Outstanding at the beginning of the year	5,46,62,043	5,466.20	5,46,62,043	5,466.20
Issued during the year	-	-	-	-
Outstanding at the end of the year	5,46,62,043	5,466.20	5,46,62,043	5,466.20

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

20.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2022		As at 31 March 2021	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Shweta Kamlesh Gandhi	1,63,38,450	29.89%	1,63,38,450	29.89%
Mukesh C. Gandhi (Refer note below)	1,61,56,814	29.56%	1,61,56,814	29.56%
Kamlesh C. Gandhi	62,86,833	11.50%	62,86,833	11.50%
Vistra ITCL I Ltd Business Excellence Trust III India Business	40,44,579	7.40%	40,44,579	7.40%
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund	27,64,059	5.06%	27,64,059	5.06%

Note: Mr. Mukesh C. Gandhi has passed away on 19 January 2021.

20.3 Details of bonus shares issued during the five years immediately preceding the balance sheet date:

2,40,00,188 equity shares of ₹ 10 each fully paid-up were allotted as bonus shares by capitalisation of general reserve and balance from the statement of profit and loss during the year ended 31 March 2017.

20.4 The Holding Company has not allotted any share pursuant to contracts without payment being received in cash nor has it bought back any shares during the preceding period of 5 financial years.

20.5 Terms/ rights attached to equity shares

The Holding Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Holding Company, the equity shareholders of the Holding Company will be entitled to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

20.6 Details of shares held by promoters (including promoter group) of the Holding Company:

Promoter and promoter group name	As at 31 March 2022		As at 31 March 2021		% Change during the year
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	
Equity shares					
Shweta Kamlesh Gandhi	1,63,38,450	29.89%	1,63,38,450	29.89%	0.00%
Mukesh C. Gandhi (Refer note above)	1,61,56,814	29.56%	1,61,56,814	29.56%	0.00%
Kamlesh C. Gandhi	63,04,508	11.53%	62,86,833	11.50%	0.28%
Prarthana Marketing Private Limited	13,12,557	2.40%	13,10,057	2.40%	0.19%
Anamaya Capital LLP	94,994	0.17%	94,994	0.17%	0.00%
Dhvanil K. Gandhi	34,619	0.06%	34,619	0.06%	0.00%
Dhriti K. Gandhi	12,054	0.02%	12,054	0.02%	0.00%

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

21. OTHER EQUITY (REFER NOTE 21.1)

	As at 31 March 2022	As at 31 March 2021
(₹ In Lakhs)		
Reserve under section 45-IC of Reserve Bank of India Act, 1934 (the "RBI Act, 1934")		
Outstanding at the beginning of the year	17,392.06	14,522.00
Additions during the year	3,156.53	2,870.06
Outstanding at the end of the year	20,548.59	17,392.06
Equity component of compound financial instruments- optionally convertible preference shares		
Outstanding at the beginning of the year	10.72	10.72
Add: Equity component of 6% OCPS issued during the period (net of tax)	-	-
Outstanding at the end of the year	10.72	10.72
Reserve fund under section 29C of The National Housing Bank Act, 1987 ("NHB Act")		
Opening balance		
a. Statutory reserve u/s 29C of NHB Act	1.80	1.80
b. Amount of special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	379.99	313.16
c. Total	381.79	314.96
Addition / appropriation / withdrawal during the year		
Add:		
a. Amount transferred u/s 29C of the NHB Act	24.64	-
b. Amount of special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	62.65	66.83
Less:		
a. Amount appropriated u/s 29C of NHB Act	-	-
b. Amount withdrawn from special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	-	-
Closing balance		
a. Statutory reserve u/s 29C of NHB Act	26.44	1.80
b. Amount of special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	442.64	379.99
c. Total	469.08	381.79
Securities premium		
Outstanding at the beginning of the year	42,695.48	42,695.48
Additions during the year	-	-
Outstanding at the end of the year	42,695.48	42,695.48
Retained earnings		
Outstanding at the beginning of the year	39,934.36	28,381.53
Profit for the year	15,930.76	14,436.01
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	(7.19)	54.03
	55,857.93	42,871.57
Appropriations:		
Transfer to reserve under section 45-IC of the RBI Act, 1934	(3,156.53)	(2,870.06)
Reserve u/s.29C of NHB Act and special reserve u/s 36(1)(viii) of Income-tax Act, 1961	(87.29)	(66.83)
Final dividend on equity shares	(819.93)	-
Interim dividend on equity shares	(683.28)	-
Dividend Distribution Tax ("DDT") on final equity dividend	-	(0.32)
Total appropriations	(4,747.03)	(2,937.21)

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Retained earnings	51,110.90	39,934.36
Other comprehensive income		
Outstanding at the beginning of the year	12,107.46	7,317.28
Loans and advances through other comprehensive Income	(1,018.15)	950.63
Impairment on loans and advances through OCI	105.35	4,078.81
Income tax relating to items that will be reclassified to profit or loss	256.25	(239.26)
Other comprehensive income for the year, net of tax	11,450.91	12,107.46
Total other equity	1,26,285.68	1,12,521.87

21.1 Nature and purpose of reserve

1 Reserve u/s. 45-IC of the RBI Act, 1934

Reserve u/s. 45-IC of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 Reserve fund u/s. 29C of NHB Act

Special reserve has been created in terms of section 36(1) (viii) of the Income-tax Act, 1961 out of the distributable profits of the subsidiary company. As per section 29C of NHB Act, the subsidiary company is required to transfer at least 20% of its net profits prior to distribution of dividend every year to a reserve. For this purpose any special reserve created by the subsidiary company in 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:

- actuarial gains and losses;
- return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- 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 Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

21.2 Equity dividend paid and proposed

	As at 31 March 2022	As at 31 March 2021
Declared and paid during the year		
Dividends on equity shares:		
Final dividend for 31 March 2021: ₹ 1.5 per share (31 March 2020: ₹ Nil per share)	819.93	-
Interim dividend for 31 March 2022: ₹ 1.25 per share (31 March 2021 : ₹ Nil per share)	683.28	-
Total dividend paid	1,503.21	-

	As at 31 March 2022	As at 31 March 2021
Proposed for approval at Annual General Meeting (not recognised as a liability)		
Dividend on equity shares:		
Final dividend for 31 March 2022: ₹ 1.75 per share (31 March 2021: ₹ 1.5 per share)	956.59	819.93

22. INTEREST INCOME

	Year ended 31 March 2022				Year ended 31 March 2021			
	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	On Financial Assets classified at fair value through profit or loss	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	On Financial Assets classified at fair value through profit or loss	Total
Interest on loans	52,411.80	2,402.27	-	54,814.07	44,301.59	2,992.18	-	47,293.77
Interest income from investments	-	1,121.39	529.84	1,651.23	-	41.45	-	41.45
Interest on deposits with banks	-	2,497.29	-	2,497.29	-	2,971.87	-	2,971.87
Other interest income	292.76	912.26	-	1,205.02	586.96	876.06	-	1,463.02
Total	52,704.56	6,933.21	529.84	60,167.61	44,888.55	6,881.56	-	51,770.11

23. NET GAIN ON FAIR VALUE CHANGES

	Year ended 31 March 2022	Year ended 31 March 2021
Net gain on financial instruments at fair value through profit or loss - Investments	472.55	29.90
Fair value changes:		
- Realised	187.02	29.90
- Unrealised	285.53	-
Total	472.55	29.90

24. OTHER INCOME

	Year ended 31 March 2022	Year ended 31 March 2021
Net loss on derecognition of property, plant and equipment	0.16	(1.16)
Net gain on sale of investments measured at amortized cost	23.28	-
Gain on derecognition of leased asset	0.07	2.83
Income from non-financing activity	69.89	30.08
Total	93.40	31.75

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

25. FINANCE COST (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Interest on borrowings	24,223.73	21,389.61
Interest on debt securities	3,887.83	1,478.89
Interest on subordinated liabilities	1,019.79	790.00
Other interest expense	2,963.62	3,548.28
Other borrowing cost	1,768.00	1,274.52
Lease liability interest obligation	5.44	12.24
Total	33,868.41	28,493.54

26. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Loans		
- Expected credit loss (On financial instruments measured at FVOCI)	131.17	4,087.92
- Expected credit loss (On financial instruments measured at amortised cost)	(25.34)	127.50
- Write off (net of recoveries)	3,120.24	3,566.87
- Loss on sale of repossessed assets	248.60	351.42
Investments		
- Expected credit loss (On financial instruments measured at amortised cost)	52.69	2.52
Total	3,527.36	8,136.23

27. EMPLOYEE BENEFITS EXPENSE

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and wages	4,488.42	3,227.38
Contribution to provident fund and other funds	180.55	182.57
Gratuity expense (Refer note 40)	54.32	58.12
Staff welfare expenses	55.66	35.25
Total	4,778.95	3,503.32

28. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on property, plant and equipment	156.02	153.75
Amortisation of intangible assets	5.88	5.68
Right-of-use asset depreciation	45.24	97.81
Total	207.14	257.24

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

29. OTHER EXPENSES

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ In Lakhs)		
Rent	272.48	172.35
Rates and taxes	19.66	18.59
Stationery and printing	69.98	46.56
Telephone	61.09	60.71
Electricity	75.60	60.19
Postage and courier	74.59	42.64
Insurance	75.69	102.09
Conveyance	118.24	70.36
Travelling	171.70	55.83
Repairs and maintenance:		
Building	19.70	1.27
Others	147.47	72.32
Professional fees	596.55	504.41
Payment to auditors(refer note below)	52.65	66.47
Director's sitting fees	11.72	12.26
Legal expenses	56.83	49.99
Bank charges	142.61	147.39
Advertisement expenses	82.88	26.02
Sales promotion expenses	18.47	2.36
Recovery contract charges	39.49	47.97
Corporate social responsibility expenditure (Refer note 34)	440.87	417.64
Miscellaneous expenses	222.92	182.21
Total	2,771.19	2,159.63
Note: Payment to auditors (including taxes)		
As auditor		
Statutory audit	19.31	26.32
Limited review of quarterly results	23.81	29.43
Other services	7.57	10.53
Reimbursements of expenses	1.96	0.19
	52.65	66.47

30. TAX EXPENSES

The components of income tax expense for the year ended 31 March 2022 and 31 March 2021 are:

	Year ended 31 March 2022	Year ended 31 March 2021
(₹ In Lakhs)		
Current tax	5,583.11	5,935.17
Adjustment in respect of current income tax of prior years	(50.76)	(0.29)
Deferred tax	1.08	(890.40)
Total tax charge	5,533.43	5,044.48
Current tax	5,532.35	5,934.88
Deferred tax	1.08	(890.40)

30.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2022 and 31 March 2021 is, as follows:

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Accounting profit before tax	21,648.31	19,596.91
Applicable tax rate	25.168%	25.168%
Computed tax expense	5,448.45	4,932.15
Tax effect of :		
Exempted income	(20.70)	(0.88)
Additional deduction	(25.64)	(15.44)
Non deductible items	200.53	115.87
Adjustment in respect of current income tax of prior years	(50.76)	(0.29)
Others	(18.45)	13.07
Tax expenses recognised in the statement of profit and loss	5,533.43	5,044.48
Effective tax rate	25.56%	25.74%

30.2 Deferred tax

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Deferred tax asset/ liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	2,256.16	1,626.01
Credit / (charge) for loans and advances through OCI	259.14	(241.70)
Credit / (charge) for remeasurement of the defined benefit liabilities	2.17	(18.55)
Credit / (charge) to the statement of profit and loss	(1.08)	890.40
At the end of year DTA / (DTL)	2,516.39	2,256.16

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(₹ In Lakhs)

	As at 31 March 2021	Statement of profit and loss	OCI	As at 31 March 2022
Component of deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between written down value of fixed assets as per books of accounts and income tax	(35.36)	(4.48)	-	(39.84)
Impact of fair value of assets	(365.55)	-	259.14	(106.41)
Income taxable on realised basis	20.13	(5.63)	-	14.50
Deferred tax on prepaid finance charges	9.10	(24.62)	-	(15.52)
Impairment on financial assets	2,615.31	39.89	-	2,655.20
Recognition of lease asset and right to use asset	4.31	(1.71)	-	2.60
Expenses allowable on payment basis	8.22	(4.53)	2.17	5.86
Total	2,256.16	(1.08)	261.31	2,516.39

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 1 April 2020	Statement of profit and loss	OCI	As at 31 March 2021
Component of deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between written down value of fixed assets as per books of accounts and income tax	(35.15)	(0.21)	-	(35.36)
Impact of fair value of assets	(123.85)	-	(241.70)	(365.55)
Income taxable on realised basis	201.05	(180.92)	-	20.13
Deferred tax on prepaid finance charges	5.36	3.74	-	9.10
Impairment on financial assets	1,553.83	1,061.48	-	2,615.31
Recognition of lease asset and right to use asset	7.19	(2.88)	-	4.31
Expenses allowable on payment basis	17.58	9.19	(18.55)	8.22
Total	1,626.01	890.40	(260.25)	2,256.16

30.3 Current tax liabilities

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Provision for tax [net of advance tax of ₹ 5,334.66 lakhs (31 March 2021 ₹ 4,720.24 lakhs)]	248.45	1,214.93

30.4 Income tax assets

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
Income tax assets [net of provision for tax of ₹ 28,103.86 lakhs (31 March 2021 ₹ 22,294.09 lakhs)]	623.33	592.40

31. EARNINGS PER SHARE

(A) Basic earnings per share

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Net profit for the year attributable to the owners of the Holding Company (basic)	15,930.76	14,436.01
Weighted average number of equity shares of ₹ 10 each	5,46,62,043	5,46,62,043
Basic earnings per share of face value of ₹ 10 each (in ₹)	29.14	26.41

(B) Diluted earnings per share

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Net profit for the year attributable to the owners of the Holding Company (diluted)	15,930.76	14,436.01
Weighted average number of equity shares of ₹ 10 each	5,46,62,043	5,46,62,043
Diluted earnings per share of face value of ₹ 10 each (in ₹)	29.14	26.41

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

32. AMORTISING THE GAIN ON ASSIGNMENT OF FINANCIAL ASSETS OVER THE RESIDUAL TENURE INSTEAD OF BOOKING UPFRONT:

Disclosure requirement as per para 20 of Ind AS 1 'Presentation of Financial Statements' is as follows:

On derecognition of loans in its entirety upon assignment, as per Ind AS 109 'Financial Instruments', the Group is required to recognise the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including new asset obtained less any new liability assumed) as gain immediately in the statement of profit or loss.

The Group is of view that the accounting treatment prescribed in Ind AS 109 inflates the income at the time of assignment and leads to reporting higher earnings per share, potentially higher dividend pay-out and improved capital adequacy ratio and will not present true and fair view of the entity's financial position, financial performance and cash flows. Therefore, the management of the Group has exercised their judgement under para 19 of Ind AS 1 and has departed from the aforementioned requirement of Ind AS 109. The Group is complying with the applicable Ind AS except for the particular requirement of Ind AS 109 as mentioned above.

As per current practice, such gains are recognised as 'unearned income on assigned loans' under the head 'other non-financial liabilities' and is amortised in the statement of profit and loss over the period of the underlying residual tenure of the assigned loan portfolio while related assets and liabilities are recorded at the fair value as per Ind AS requirement.

If the Group had complied with Ind AS 109, the financial impact on the following items [Increase / (decrease)] in the financial statements would have been as under:

(A) Impact on Statement of Profit and Loss items:

Particulars	(₹ In Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Gain on assignment of financial assets	59.55	(3,461.49)
Profit before tax	59.55	(3,461.49)
Deferred tax expense / (Credit)	14.99	(871.19)
Profit after tax	44.56	(2,590.30)
Profit after tax attributable to Owners of the Parent	26.59	(1,545.52)
Profit after tax attributable to Non-controlling interest	17.97	(1,044.78)
Basic / Diluted EPS (₹)	0.05	(2.83)

(B) Impact on Balance Sheet items:

Particulars	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Other equity	3,363.95	3,319.53
Other non-financial liabilities	(4,571.43)	(4,511.89)
Deferred tax asset	(1,105.40)	(1,139.10)
Non Controlling Interest	102.08	53.26

Further, NBFC industry body Finance Industry Development Council which is represented by more than 100 NBFCs is also of the same view.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

33. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
(A) Commitments		
I) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
Property, plant & equipment and Capital work in progress	138.00	-
II) Loan commitments for sanctioned but not disbursed amount	5,165.25	557.85

The Group's pending litigations comprise of proceedings pending with Income Tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

34. CORPORATE SOCIAL RESPONSIBILITY ("CSR") EXPENSES:

The average profit before tax of the Holding Company for the last three financial years was ₹ 22,043.33 lakhs, basis which the Holding Company was required to spend ₹ 440.87 lakhs towards CSR activities for the current financial year (31 March 2021: ₹ 417.64 lakhs).

a) Amount spent during the year on:

(₹ In Lakhs)

Particulars	31 March 2022			31 March 2021		
	Amount Spent	Amount Unpaid/ provision	Total	Amount Spent	Amount Unpaid/ provision	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purpose other than above	42.00	398.87	440.87	33.43	384.21	417.64

b) The Holding Company has not made any transaction with related parties in relation to CSR expenditure as per Ind AS 24.

c) In case of Section 135(6): Details of ongoing projects

(₹ In Lakhs)

F. Y.	Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
	With Holding Company	In Separate CSR		From Holding Company's bank A/c	From Separate CSR Unspent A/c	With Holding Company	In Separate CSR Unspent A/c
2021-22	-	384.21	440.87	42.00	92.17	398.87	292.04
2020-21	Nil	N.A.	417.64	33.43	-	384.21	-

Note: Unspent CSR amount of ₹ 384.21 lakhs for FY 2020-21 was deposited in unspent CSR bank account on 28 April 2021. Unspent amount of ₹ 398.87 lakhs available with the Holding Company shall be transferred to an unspent CSR account by end of 30 April 2022.

d) **Reason for shortfall:** The Holding Company has ongoing projects and it is spending the said amount as per pre-approved ongoing projects. For more details, refer annexure of Director's report on CSR.

e) **Nature of CSR activities:** Promoting education, eradicating hunger, poverty & malnutrition, promoting health care and such other activities. For more details, refer annexure of Director's report on CSR.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

35. SEGMENT REPORTING:

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group is engaged primarily on the business of 'Financing' only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Group are in India. All non-current assets of the Group are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – 'Operating Segments'.

36. RELATED PARTY DISCLOSURES:

(a) Related party disclosures as required by Ind AS 24 - 'Related Party Disclosures'.

List of related parties and relationships:

Sr. No.	Nature of relationship	
1	Key management personnel ("KMP")	Mr. Kamlesh C. Gandhi (Chairman and managing director)
	(where there are transactions)	Mr. Mukesh C. Gandhi (Whole time director and chief financial officer) (till 19 January 2021)
		Mrs. Darshana S. Pandya (Director and chief executive officer)
		Mr. Bala Bhaskaran (Independent director)
		Mr. Umesh Shah (Independent director)
		Mr. Chetanbhai Shah (Independent director)
		Mrs. Daksha Shah (Independent director)
2	Other related parties	Prarthna Marketing Private Limited
	(where there are transactions)	Anamaya Capital LLP
		Mrs. Shweta K. Gandhi (relative of KMP)
		Mr. Dhvanil K. Gandhi (relative of KMP)
		Mr. Saumil D. Pandya (relative of KMP)
		Ms. Dhriti K. Gandhi (relative of KMP)
		Mrs. Pauravi Umesh Shah (relative of KMP)
		Umesh Rajanikant Shah HUF

Transactions with related parties are as follows:

	Year ended 31 March 2022		
	Key management personnel	Other related parties	Total
Remuneration (including bonus)	414.94	78.67	493.61
Dividend paid	620.86	490.62	1,111.48
Sitting fees	10.20	-	10.20

	Year ended 31 March 2021		
	Key management personnel	Other related parties	Total
Remuneration (including bonus)	39.56	64.70	104.26
Dividend paid	3.13	0.98	4.11
Sitting fees	10.70	-	10.70

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Balances outstanding from related parties are as follows:

	As at 31 March 2022		
	Key management personnel	Other related parties	Total
Loans and advances given	15.51	-	15.51
Bonus payable	22.70	2.10	24.80

	As at 31 March 2021		
	Key management personnel	Other related parties	Total
Loans and advances given	18.11	-	18.11
Bonus payable	1.20	1.92	3.12

All transactions with these related parties are priced on an arm's length basis.

Key managerial personnel who are under the employment of the Group are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

Transactions with key management personnel are as follows:

	(₹ In Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Post-employment benefits	1.23	2.68
Other long term employment benefits	4.46	0.38
	5.69	3.06

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

(b) Disclosures as per Regulation 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements Regulations, 2015).

Loans and advances in the nature of loans to companies in which directors are interested as under:

Sr. No.	Name	(₹ In Lakhs)		
		As at 31 March 2022	Maximum balance out-standing during the year ended 31 March 2022	As at 31 March 2021 Maximum balance out-standing during the year ended 31 March 2021
1	M Power Micro Finance Private Limited	-	-	- 1,305.11

* The director interested in M Power Micro Finance Private Limited redeemed his holding on 23 October 2020 and hence, the disclosures made are of maximum balance outstanding up to that date.

37. OFFSETTING

Following table represents the recognised financial assets that are offset, or subject to enforceable master netting arrangements and other similar arrangements but not offset, as at 31 March 2022 and 31 March 2021. The column 'net amount' shows the impact of Group's balance sheet if all the set-off rights were exercised.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	Effect of offsetting on the balance sheet			Related amount not offset		
	Gross amounts	Gross amount off set in balance sheet (refer note 1)	Net amount presented in balance sheet	Advances received against loan agreements (refer note 1)	Financial instrument collateral (refer note 2)	Net amount
31 March 2022						
Loans and advances	4,80,617.20	636.30	4,79,980.90	9.65	29,047.83	4,50,923.42
31 March 2021						
Loans and advances	4,09,304.28	2,973.33	4,06,330.95	12.87	32,027.41	3,74,290.67

Note:

- ₹ 645.94 lakhs (31 March 2021: ₹ 2,986.20 lakhs) represents advances received against loan agreements.
- ₹ 29,047.83 lakhs (31 March 2021: ₹ 32,027.41 lakhs) represents security deposits received from borrowers.

38. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE ACT.

As at 31 March 2022

(₹ In Lakhs)

Name of entity in the Group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income (OCI)		Share of Total Comprehensive Income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Holding Company								
AAA Financial Services Limited	94.30%	1,26,363.80	96.49%	15,549.13	97.50%	(757.51)	96.44%	14,791.62
Subsidiary								
AAA Rural Housing & Mortgage Finance Limited	4.02%	5,388.08	2.37%	381.63	1.49%	(11.58)	2.41%	370.05
Non-controlling interest								
	1.68%	2,244.81	1.14%	184.12	1.01%	(7.83)	1.15%	176.29
Total	100.00%	1,33,996.69	100.00%	16,114.88	100.00%	(776.92)	100.00%	15,337.96

As at 31 March 2021

(₹ In Lakhs)

Name of entity in the Group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income (OCI)		Share of Total Comprehensive Income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Holding Company								
AAA Financial Services Limited	94.90%	1,13,916.42	97.52%	14,191.11	96.84%	750.79	97.49%	14,941.90
Subsidiary								
AAA Rural Housing & Mortgage Finance Limited	3.39%	4,071.65	1.68%	244.90	1.89%	14.62	1.69%	259.52
Non-controlling interest								
	1.71%	2,046.76	0.80%	116.42	1.27%	9.88	0.82%	126.30
Total	100.00%	1,20,034.83	100.00%	14,552.43	100.00%	775.29	100.00%	15,327.72

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

39. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ In Lakhs)

	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	28,756.38	-	28,756.38	98,711.42	-	98,711.42
Bank balance other than above	56,237.26	2,072.84	58,310.10	1,082.16	2,137.54	3,219.70
Trade Receivables	104.63	-	104.63	223.34	-	223.34
Loans	2,86,331.21	1,93,649.69	4,79,980.90	2,38,091.44	1,68,239.51	4,06,330.95
Investments	15,768.78	33,551.88	49,320.66	6,107.16	14,051.22	20,158.38
Other financial assets	4,387.65	1,164.69	5,552.34	4,109.10	864.98	4,974.08
Non-financial assets						
Income tax assets (net)	-	623.33	623.33	-	592.40	592.40
Deferred tax Assets (net)	-	2,516.38	2,516.38	-	2,256.16	2,256.16
Property, plant and equipment	-	1,293.47	1,293.47	-	1,144.80	1,144.80
Capital work-in-progress	-	5,204.40	5,204.40	-	5,002.73	5,002.73
Right-of-use asset	19.35	41.57	60.92	48.57	5.25	53.82
Intangible assets under development	-	3.57	3.57	-	-	-
Other Intangible assets	-	22.34	22.34	-	9.25	9.25
Other non-financial assets	421.89	-	421.89	286.04	-	286.04
Total assets	3,92,027.15	2,40,144.16	6,32,171.31	3,48,659.23	1,94,303.84	5,42,963.07
LIABILITIES						
Financial liabilities						
Trade payables	1,458.69	-	1,458.69	727.85	-	727.85
Other payables	155.43	-	155.43	100.92	-	100.92
Debt securities	6,464.63	29,738.42	36,203.05	24,976.34	6,435.18	31,411.52
Borrowings (other than debt securities)	2,45,880.32	1,48,117.10	3,93,997.42	2,14,545.84	99,320.96	3,13,866.80
Subordinated liabilities	4,000.00	9,721.55	13,721.55	1,996.55	4,000.00	5,996.55
Other financial liabilities	31,412.34	14,773.91	46,186.25	49,423.84	14,043.56	63,467.40
Non-financial liabilities						
Current tax liabilities (net)	248.45	-	248.45	1,214.93	-	1,214.93
Provisions	10.32	706.19	716.51	0.59	396.38	396.97
Other non-financial liabilities	4,084.18	1,403.09	5,487.27	4,528.29	1,217.01	5,745.30
Total liability	2,93,714.36	2,04,460.26	4,98,174.62	2,97,515.15	1,25,413.09	4,22,928.24
Net	98,312.79	35,683.90	1,33,996.69	51,144.08	68,890.75	1,20,034.83

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

40. EMPLOYEE BENEFIT PLAN

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

(a) Defined contribution plan

The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Group's contribution to provident fund aggregating ₹ 150.98 lakhs (31 March 2021: ₹ 151.32 lakhs) and employee state insurance scheme aggregating ₹ 15.01 lakhs (31 March 2021: ₹ 17.81 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

The Group operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age / resignation date.

The defined benefit plans expose the Group to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:
Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Group, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

The status of gratuity plan as required under Ind AS 19 is as under:

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
i. Reconciliation of opening and closing balances of defined benefit obligation		
Present value of defined benefit obligations at the beginning of the year	305.34	315.96
Current service cost	56.22	57.46
Interest cost	20.36	21.28
Benefit paid	(20.17)	(9.67)
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in demographic assumptions	(7.43)	(7.07)
Change in financial assumptions	(3.23)	-
Experience adjustments	15.72	(72.62)
Present value of defined benefit obligations at the end of the year	366.81	305.34
ii. Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at the beginning of the year	305.03	271.59
Interest income	22.27	20.62
Return on plan assets excluding amounts included in interest income	(3.55)	(4.48)
Contributions by employer	63.50	26.97
Benefits paid	(20.17)	(9.67)
Fair value of plan assets at the end of the year	367.08	305.03
iii. Reconciliation of the present value of defined benefit obligation and fair value of plan assets		
Present value of defined benefit obligations at the end of the year	366.81	305.34
Fair value of plan assets at the end of the year	367.08	305.03
Net asset / (liability) recognized in balance sheet as at the end of the year	0.27	(0.31)
iv. Composition of plan assets		
100% of plan assets are administered by LIC.		

	(₹ In Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
v. Expense recognised during the Year		
Current service cost	56.22	57.46
Interest cost	(1.90)	0.66
Expenses recognised in the statement of profit and loss	54.32	58.12
vi. Other comprehensive income		
Components of actuarial gain/losses on obligations:		
Due to change in financial assumptions	(3.23)	-
Due to change in demographic assumption	(7.43)	(7.07)
Due to experience adjustments	15.72	(72.62)
Return on plan assets excluding amounts included in interest income	3.55	4.48
Components of defined benefit costs recognised in other comprehensive income	8.61	(75.21)

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(₹ In Lakhs)

	As at 31 March 2022	As at 31 March 2021
vii. Principal actuarial assumptions		
Discount rate (per annum)	6.95%	6.85%
Rate of return on plan assets (p.a.)	6.95%	6.85%
Annual increase in salary cost	8.00%	8.00%
Withdrawal rates per annum		
25 and below	20.00%	10.00%
26 to 35	15.00%	8.00%
36 to 45	10.00%	6.00%
46 to 55	5.00%	4.00%
56 and above	5.00%	2.00%

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

viii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting year, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
Defined benefit obligation (base)	366.81	305.34

(₹ In Lakhs)

	Year ended 31 March 2022		Year ended 31 March 2021	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	383.40	351.35	322.94	289.12
(% change compared to base due to sensitivity)	4.52%	-4.21%	5.76%	-5.31%
Salary Growth Rate (- / + 0.5%)	354.03	380.40	291.64	319.83
(% change compared to base due to sensitivity)	-3.48%	3.70%	-4.49%	4.75%
Withdrawal Rate (W.R.) (W.R. x 90% / W.R. x 110%)	368.62	365.06	306.70	304.04
(% change compared to base due to sensitivity)	0.49%	-0.48%	0.45%	-0.43%

ix. Asset liability matching strategies

The Group contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

x. Effect of plan on entity's future cash flows

a) Funding arrangements and funding policy

The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

b) Maturity profile of defined benefit obligation

The average outstanding term of the obligations (years) as at valuation date is 11.31 to 11.88 years.

	(₹ In Lakhs)	
	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1 st following year	28.18	3.55%
2 nd following year	29.19	3.85%
3 rd following year	28.75	3.95%
4 th following year	28.68	3.75%
5 th following year	30.05	3.85%
Sum of years 6 to 10	157.51	18.75%

The future accrual is not considered in arriving at the above cash-flows.

The expected contribution for the next year is ₹ 16.27 lakhs.

c) Other long term employee benefits

The liability for compensated absences as at the year ended 31 March 2022 is ₹ 17.77 Lakhs and as at year ended 31 March 2021 is ₹ 7.66 lakhs.

Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the provident fund Act and the gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry of Labour and Employment. The Group will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

41. FINANCIAL INSTRUMENT AND FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

A. Measurement of fair values

i) Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

ii) **Transfers between levels 1 and 2**

There has been no transfer in between level 1 and level 2.

iii) **Valuation techniques**

Loans

The Group has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last month of the year which is an unobservable input and therefore these has been considered to be fair valued using level 3 inputs.

Investments measured at FVTPL

Fair values of market linked debentures have been determined under level 1 using quoted market prices of the underlying instruments. Fair value of investment in alternate investment funds have been determined under level 2 using observable input.

B. Accounting classifications and fair values

The carrying amount and fair value of financial instruments including their levels in the fair value hierarchy presented below:

(₹ In Lakhs)

As at 31 March 2022	Carrying amount			Fair value			
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Loans measured at FVOCI	-	4,63,069.27	-	-	-	4,67,158.09	4,67,158.09
Investments measured at FVTPL	-	-	30,318.61	26,296.65	4,021.96	-	30,318.61
	-	4,63,069.27	30,318.61				
Financial assets not measured at fair value¹							
Cash and cash equivalents	28,756.38	-	-	28,756.38	-	-	28,756.38
Bank balance other than cash and cash equivalents	58,310.10	-	-	58,310.10	-	-	58,310.10
Trade receivables	104.63	-	-	-	-	104.63	104.63
Loans measured at amortised cost	16,911.63	-	-	-	-	17,382.63	17,382.63
Investment measured at amortised cost	19,002.05	-	-	-	-	19,057.26	19,057.26
Other financials asset	5,552.34	-	-	-	-	5,547.90	5,547.90
	1,28,637.13	-	-				
Financial liabilities not measured at fair value¹							
Trade payables	1,458.69	-	-	-	-	1,458.69	1,458.69
Other payables	155.43	-	-	-	-	155.43	155.43
Debt securities	36,203.05	-	-	-	-	38,322.32	38,322.32
Borrowings (other than debt securities)	3,93,997.42	-	-	-	-	3,97,014.78	3,97,014.78
Subordinated liabilities	13,721.55	-	-	-	-	14,019.98	14,019.98
Other financial liabilities	46,186.25	-	-	-	-	46,186.25	46,186.25
	4,91,722.39	-	-				

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(₹ In Lakhs)

As at 31 March 2021	Carrying amount			Fair value			Total
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	
Financial assets measured at fair value							
Loans measured at FVOCI	-	3,86,070.97	-	-	-	3,86,070.96	3,86,070.96
Investments measured at FVTPL	-	-	13,596.87	11,566.97	2,029.90	-	13,596.87
	-	3,86,070.97	13,596.87				
Financial assets not measured at fair value ¹							
Cash and cash equivalents	98,711.42	-	-	98,711.42	-	-	98,711.42
Bank balance other than cash and cash equivalents	3,219.70	-	-	3,219.70	-	-	3,219.70
Trade receivables	223.34	-	-	-	-	223.34	223.34
Loans measured at amortised cost	20,259.98	-	-	-	-	26,854.16	26,854.16
Investment measured at amortised cost	6,561.51	-	-	-	-	6,564.03	6,564.03
Other financials asset	4,974.08	-	-	-	-	4,972.97	4,972.97
	1,33,950.03	-	-				
Financial liabilities not measured at fair value ¹							
Trade payables	727.85	-	-	-	-	727.85	727.85
Other payables	100.92	-	-	-	-	100.92	100.92
Debt securities	31,411.52	-	-	-	-	31,520.62	31,520.62
Borrowings (other than debt securities)	3,13,866.80	-	-	-	-	3,15,555.98	3,15,555.98
Subordinated liabilities	5,996.55	-	-	-	-	6,168.36	6,168.36
Other financial liabilities	63,467.40	-	-	-	-	63,467.40	63,467.40
	4,15,571.04	-	-				

¹ The Group has not disclosed the fair values for cash and cash equivalents, bank balances, investment in debt securities, interest accrued but not due on loans and advances, bank deposits and investment, trade payables and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

Reconciliation of level 3 fair value measurement is as follows:

(₹ In Lakhs)

	Year ended 31 March 2022	Year ended 31 March 2021
i) Loans		
Balance at the beginning of the year	3,90,401.86	3,44,239.88
Addition during the year	3,54,151.18	2,54,996.90
Amount derecognised / repaid during the year	(2,73,149.78)	(2,06,374.59)
Amount written off	(3,010.64)	(3,420.66)
Gains/(losses) recognised in other comprehensive income	(1,029.62)	960.33
Balance at the end of the year	4,67,363.00	3,90,401.86

* The above classification also includes balance of spread receivable on assigned portfolio. (Refer note 10)

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Sensitivity analysis to fair value

(₹ In Lakhs)

	Amount, net of tax	
	Increase	Decrease
31 March 2022		
Loans		
Interest rates (50 bps movement)	(1,094.47)	1,106.83
31 March 2021		
Loans		
Interest rates (50 bps movement)	(762.19)	799.85

42 CAPITAL

The Group maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI and NHB. The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI and NHB.

The Group has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Group's capital management.

42.1 Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk. The Group's board of directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's risk management committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

43.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

(a) Loans and advances

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before sanctioning any loan. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, the loan-to-value ratio etc.

The Group's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ In Lakhs)		
	Carrying Amount	
	As at 31 March 2022	As at 31 March 2021
Retail assets	2,49,637.70	1,85,871.75
Two wheeler loans	25,978.81	19,548.15
Micro enterprise loans	1,05,089.78	88,992.95
Salaried personal loans	10,339.65	9,243.88
Small and medium enterprise loans	82,475.26	42,146.37
Commercial vehicle loans	4,725.65	4,146.64
Housing & non-housing loans	21,028.55	21,793.76
Loans to NBFC	2,34,348.41	2,23,097.68
Construction finance	978.92	2,311.45
Total	4,84,965.03	4,11,280.88

Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers and machinery & property in case of SME customers. The secured exposure are secured wholly or partly by hypothecation of assets and undertaking to create a security.

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

(i) Staging:

As per the provision of Ind AS 109, all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, the Group assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. The Group has staged the assets based on the days past due criteria and other market factors which significantly impacts the portfolio.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Group's internal credit rating grades and staging criteria for loans are as follows:

Days past dues status	Stage	Internal grades	Provisions
Current	Stage 1	High Quality assets, negligible credit risk	12 Months Provision
1-30 Days	Stage 1	High Quality assets, negligible credit risk	12 Months Provision
31-60 Days	Stage 2	Quality assets, low credit risk	Lifetime Provision
61-90 Days	Stage 2	Standard assets, moderate credit risk	Lifetime Provision
91-180 Days	Stage 3	Sub-standard assets, relatively high credit risk	Lifetime Provision
>180 Days	Stage 3	Low quality assets, very high credit risk	Lifetime Provision

(ii) **Grouping:**

As per Ind AS 109, the Group is required to group the portfolio based on the shared risk characteristics. The Group has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

- a. Two wheeler loans
- b. Micro enterprise loans
- c. Salaried personal loans
- d. Small and medium enterprise loans
- e. Commercial vehicle loans
- f. Retail asset channel loans
- g. Housing & non-housing loans
- h. Construction finance

(iii) **ECL:**

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

- a. Probability of default ("PD")
- b. Loss given default ("LGD")
- c. Exposure at default ("EAD")
- d. Discount factor ("D")

For RAC & HFC loan portfolio, the Group has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Group consists of various parameters based on which RAC & HFC loan portfolio is evaluated and credit rating is assigned accordingly. The credit rating matrix developed by the Group is validated in accordance with its ECL policy.

The Group has developed its PD matrix based on the external benchmarking of various external reports, ratings & Basel norms. This PD matrix is calibrated with its historical data and major events on regular time interval in accordance with its ECL policy.

Probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from internal data calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Group has worked out on PD based on the last five years historical data.

The PDs derived from the vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: upside (11%), downside (21%) and base (68%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Loss given default:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Group has considered workout LGD approach. The following steps are performed to calculate the LGD:

- 1) Analysis of historical credit impaired accounts at cohort level.
- 2) The computation consists of five components, which are:
 - a) Outstanding balance (POS)
 - b) Recovery amount (discounted yearly) by effective interest rate.
 - c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using effective interest rate.
 - d) Collateral (security) amount

The formula for the computation is as below:

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)
 % LGD = 1 – recovery rate

For RAC and HFC loan portfolio, the LGD has been considered based on Basel-II Framework for all the level of credit rating portfolio.

Exposure at default:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. The Group has modelled EAD based on the contractual and behavioural cash flows till the lifetime of the loans considering the expected prepayments and assignments of loans.

The Group has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. The exposure at default is calculated for each product and for various DPD status after considering future expected assignment which is not at risk. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. Further, the stage 3 EAD for the purpose of the ECL computation is considering when loan became Stage 3 for the first time (for retail loans).

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

Conditional RAC ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt)

For RAC and HFC loan portfolio, the Group has calculated ECL based on borrower wise assessment of internal credit rating as per the framework of the Group, while for retail loan portfolio, the same has been calculated on collective basis.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Stage 1	1.00%	1.51%
Stage 2	12.29%	19.82%
Stage 3	42.42%	38.48%
Amount of expected credit loss provided for	10,494.69	10,388.81

The loss rates are based on actual credit loss experience over past 5 years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Group's view of economic conditions over the expected lives of the loan receivables.

(iv) Impact assessment on account of COVID-19

In accordance with the board approved moratorium policy read with the RBI guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Group had granted moratorium up to six months on the payment of installments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Group continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The Group's management is continuously monitoring the situation and the economic factors affecting the operations of the Group arising on account of COVID-19 and accordingly is providing for additional management overlay provision for such uncertainty. As at 31 March 2022, additional Expected Credit Loss (ECL) provision on loan assets as management overlay on account of COVID-19 stood at ₹ 4,083.66 lakh (31 March 2021: ₹ 5,954.19 lakh).

The additional ECL provision on account of COVID-19 is based on the Group's historical experience, collection efficiencies till date, internal assessment and other macro economic factors on account of the pandemic. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic.

(v) Modification of financial assets

The Group has modified the terms of certain loans provided to customers in accordance with RBI notification on MSME restructuring dated 6 August 2020 and 5 May 2021. Such restructuring benefits are provided to distressed customers who are impacted by COVID-19 pandemic.

Such restructuring benefits include extended payment term arrangements, moratorium and changes in interest rates. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer note 3.5). The Group monitors the subsequent performance of modified assets. The gross carrying amount of such assets held as at 31 March 2022 is ₹ 1,842.56 lakhs (31 March 2021: ₹ 446.20 lakhs). Overall provision for expected credit loss against restructured loan exposure amounts to ₹ 221.53 lakhs as at 31 March 2022 (31 March 2021: ₹ 111.92 lakhs). The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets.

(b) Cash and cash equivalent and bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Group generally invests in term deposits with banks which are subject to an insignificant risk of change in value.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

43.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Group is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Group manages its liquidity by unutilised cash credit facility, term loans and direct assignment.

The composition of the Group's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

The total cash credit limit available to the Group is ₹ 187,700.00 lakhs spread across 18 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

Over the years, the Holding Company has maintained around 20% to 25% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Holding Company. This further strengthens the liability management.

The table below summarises the maturity profile of the undiscounted cashflow of the Group's financial liabilities:

(₹ In Lakhs)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
As at 31 March 2022									
Debt securities	-	-	-	-	7,658.97	35,710.89	-	-	43,369.86
Borrowings (Other than debt securities)	7,227.77	7,625.80	17,142.19	29,978.92	1,99,676.37	1,25,580.94	39,297.70	610.96	4,27,140.65
Subordinated liabilities	72.16	88.36	4,209.55	270.96	533.08	2,152.95	2,150.00	10,216.34	19,693.40
Payable	1,167.58	10.39	10.05	30.15	395.95	-	-	-	1,614.12
Lease Liability	3.70	2.27	2.28	5.87	9.89	31.89	22.57	-	78.47
Other financial liabilities	16,424.24	985.08	2,414.85	4,351.48	7,217.13	13,199.86	1,190.49	336.68	46,119.81

(₹ In Lakhs)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
As at 31 March 2021									
Debt securities	-	-	-	2,250.00	26,110.59	7,629.52	-	-	35,990.11
Borrowings (Other than debt securities)	7,178.50	4,903.99	12,043.67	19,161.21	1,82,023.80	81,693.09	26,170.67	3,533.76	3,36,708.69
Subordinated liabilities	-	-	129.64	2,254.11	259.29	4,118.25	-	-	6,761.29
Trade payable	719.31	10.13	9.80	29.41	60.12	-	-	-	828.77
Lease Liability	10.46	6.16	7.44	18.05	19.31	6.62	0.76	-	68.80
Other financial liabilities	29,226.77	1,448.88	2,022.45	4,991.80	11,674.72	12,143.24	1,365.02	528.38	63,401.26

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

43.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment in bank deposits and variable interest rate borrowings and lending.

The sensitivity analysis have been carried out based on the exposure to interest rates for lending and borrowings carried at variable rate and investments made by the Group.

Change in interest rates	Year ended 31 March 2022		Year ended 31 March 2021	
	50 bps increase	50 bps decrease	50 bps increase	50 bps decrease
Investments	26,296.65	26,296.65	11,566.97	11,566.97
Impact on profit before tax for the year	131.48	(131.48)	57.83	(57.83)
Variable rate lending	2,56,355.87	2,56,355.87	2,47,202.88	2,47,202.88
Impact on profit before tax for the year	1,274.70	(1,274.70)	1,230.80	(1,230.80)
Variable rate borrowings	3,74,853.82	3,74,853.82	2,88,673.44	2,88,673.44
Impact on profit before tax for the year	(1,883.05)	1,883.05	(1,445.18)	1,445.18

(₹ In Lakhs)

B. Foreign currency risk

The Group does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Group.

44. LEASE DISCLOSURE

Where the Group is the lessee

The Group has entered into agreements for taking its office premises under leave and license arrangements. These agreements are for tenures between 11 months and 5 years and majority of the agreements are renewable by mutual consent on mutually agreeable terms, lease rentals have an escalation ranging between 5% to 15%. Leases for which the lease term is less than 12 months have been accounted as short term leases.

Contractual cash maturities of lease liabilities on an undiscounted basis	As at 31 March 2022	As at 31 March 2021
Not later than one year	24.01	61.42
Later than one year and not later than five years	54.46	7.38
Later than five years	-	-
Total undiscounted lease liabilities	78.47	68.80
Lease liabilities included in the balance sheet		
Total lease liabilities	66.44	66.14

(₹ In Lakhs)

Amount recognised in the statement of profit and loss account	Year ended 31 March 2022	Year ended 31 March 2021
Interest on lease liabilities	5.44	12.24
Depreciation charge for the year	45.24	97.81
Expenses relating to short term leases	272.48	172.35

(₹ In Lakhs)

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

Amount recognised in statement of cash flow	(₹ In Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Cash outflow towards lease liability	(51.97)	(106.43)

For addition and carrying amount of right to use asset for 31 March 2022 and 31 March 2021, refer note 11(c).

Title deeds of all immovable properties of the Company are held in name of the Company. Further all the lease agreements are duly executed in favour of the Company for properties where the Company is the lessee.

45. TRANSFER OF FINANCIAL ASSETS

45.1 Transferred financial assets that are not derecognised in their entirety

The following table provides a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Securitisation		
Carrying amount of transferred assets	5,759.75	-
Carrying amount of associated liabilities (Borrowings - other than debt securities)	5,003.21	-
Fair value of assets (A)	5,750.45	-
Fair value of associated liabilities (B)	4,995.13	-
Net position at Fair Value (A-B)	755.31	-

45.2 Transferred financial assets that are derecognised in their entirety

The Group has assigned loans by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of exposure net of MRR to the buyer, the assets have been de-recognised from the Group's Balance Sheet. The table below summarises the carrying amount of the derecognised financial assets :

	(₹ In Lakhs)	
	As at 31 March 2022	As at 31 March 2021
Direct assignment		
Carrying amount of de-recognised financial asset	1,13,291.87	1,33,633.96
Carrying amount of retained financial asset	15,297.75	15,573.67

45.3 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

46. No proceedings have been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at 31 March 2022 and 31 March 2021.
47. The Group is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2022 and 31 March 2021.
48. The Group does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022 and 31 March 2021.
49. All the charges or satisfaction, as applicable are registered with ROC within the statutory period.

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

- 50.** The Group has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at 31 March 2022 are held by the Group in the form of deposits or in current accounts till the time the utilisation is made subsequently.
- 51.** There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2022 and 31 March 2021, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended 31 March 2022 and 31 March 2021.
- 52.** As a part of normal lending business, the Group grants loans and advances on the basis of security / guarantee provided by the Borrower/ co-borrower. These transactions are conducted after exercising proper due diligence.
- Other than the transactions described above,
- (a) No funds have been advanced or loaned or invested by the Group to or in any other person(s) or entity(ies) including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in a party identified by or on behalf of the Company (Ultimate Beneficiaries);
- (b) No funds have been received by the Group from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly, lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 53.** The Group has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2022 and 31 March 2021.
- 54.** The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended March 31, 2022 and March 31, 2021.
- 55.** The Group has not entered into any scheme of arrangement.

56. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue from contracts with customers and reconciliation to statement of profit and loss:

	(₹ In Lakhs)	
	Year ended 31 March 2022	Year ended 31 March 2021
Type of income		
Services charges	1.81	-
Others	1,830.83	1,832.21
Total revenue from contracts with customers	1,832.64	1,832.21
Geographical markets		
India	1,832.64	1,832.21
Outside India	-	-
Total revenue from contracts with customers	1,832.64	1,832.21
Timing of revenue recognition		
Services transferred at a point in time	1,832.64	1,832.21
Services transferred over time	-	-
Total revenue from contracts with customers	1,832.64	1,832.21

Notes

Forming part of Consolidated Financial Statement for the year ended 31 March 2022 (Contd.)

57. EVENTS AFTER THE REPORTING PERIOD

Ind AS 10 'Events after the Reporting Period', requires an entity to evaluate information available after the balance sheet date to determine if such information constitutes an adjusting event, which would require an adjustment to the financial statements, or a non-adjusting event, which would only require disclosure. There have been no events after the reporting date that require disclosure in these financial statements.

58. Previous year figures have been regrouped / reclassified, wherever found necessary, to conform to current year classification.

In terms of our report of even date attached

For Mukesh M Shah & Co.

Chartered Accountants

Firm's Registration No: 106625W

Chandresh S. Shah

Partner

Membership No: 042132

Ahmedabad

4 May 2022

Darshana S. Pandya

(Director & Chief Executive Officer)

(DIN - 07610402)

Riddhi B. Bhayani

(Company Secretary & Compliance Officer)

(Membership No: A41206)

Ahmedabad

4 May 2022

For and on behalf of the Board of Directors of

H.A.S. Financial Services Limited

Kamlesh C. Gandhi

(Chairman & Managing Director)

(DIN - 00044852)

Ankit Jain

Chief Financial Officer



Plan - Act - Achieve



The Power of Distribution

MAS Financial Services Limited

6, Ground Floor, Narayan Chambers, B/h Patang Hotel,
Nehru Bridge Corner, Ashram Road, Ahmedabad-380 009.

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🌐 www.mas.co.in



The Power of Distribution

26TH ANNUAL REPORT
2020-21

1995

2021

***EVERY TIME WE REACH
A MILESTONE,
WE BELIEVE
WE HAVE
JUST BEGUN...***

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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 ~~HRAS~~ 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 H.A.S. 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 **MAAS** will remain dedicated to its mission of "Excellence through Endeavours".

Corporate Snapshot

HAS at a Glance

HAS 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 - HAS 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

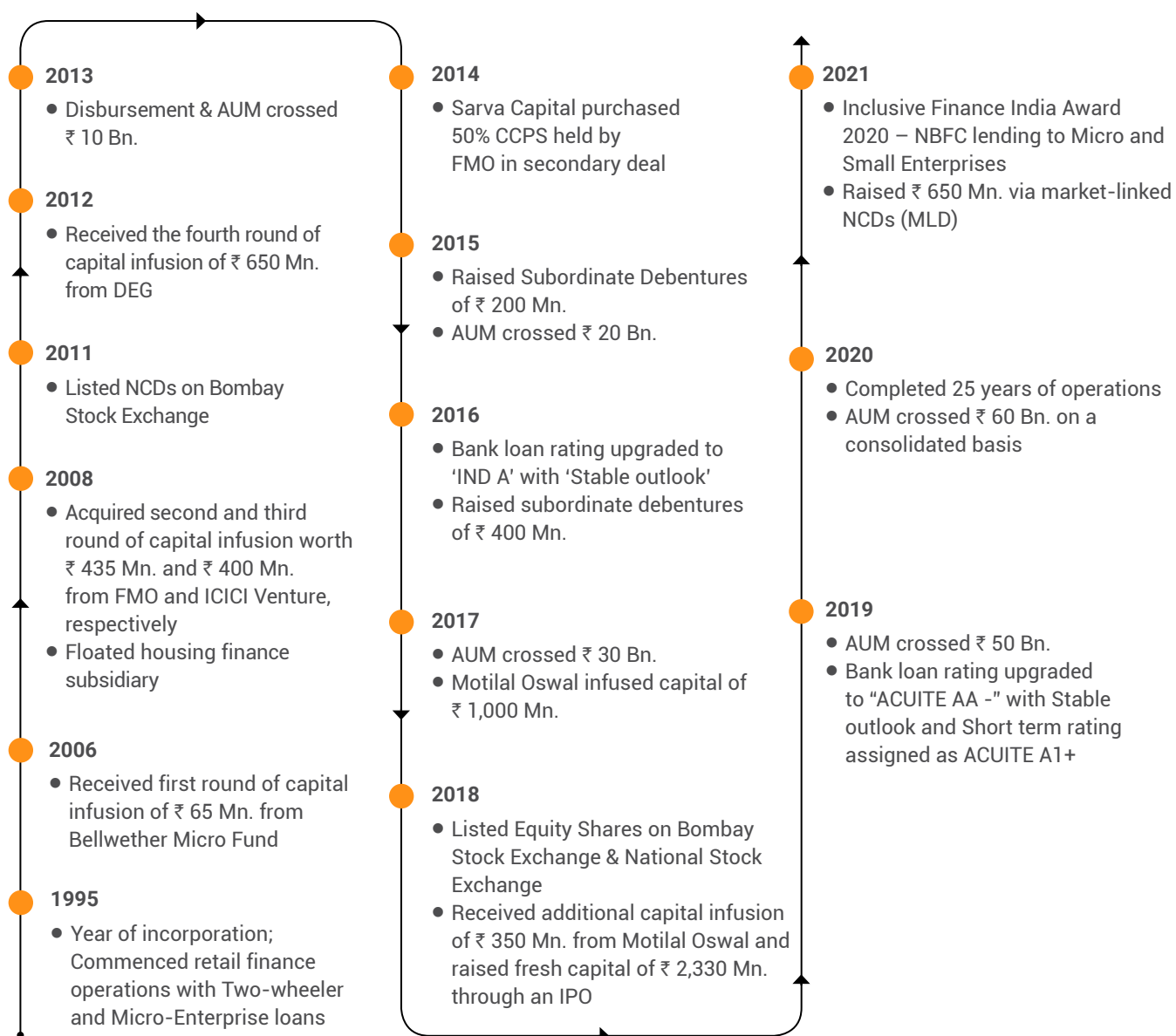
To constantly endeavour, to attain excellence, and create a very wide financial distribution network and to be a catalyst in providing the most efficient financial services which we term as financial inclusion.



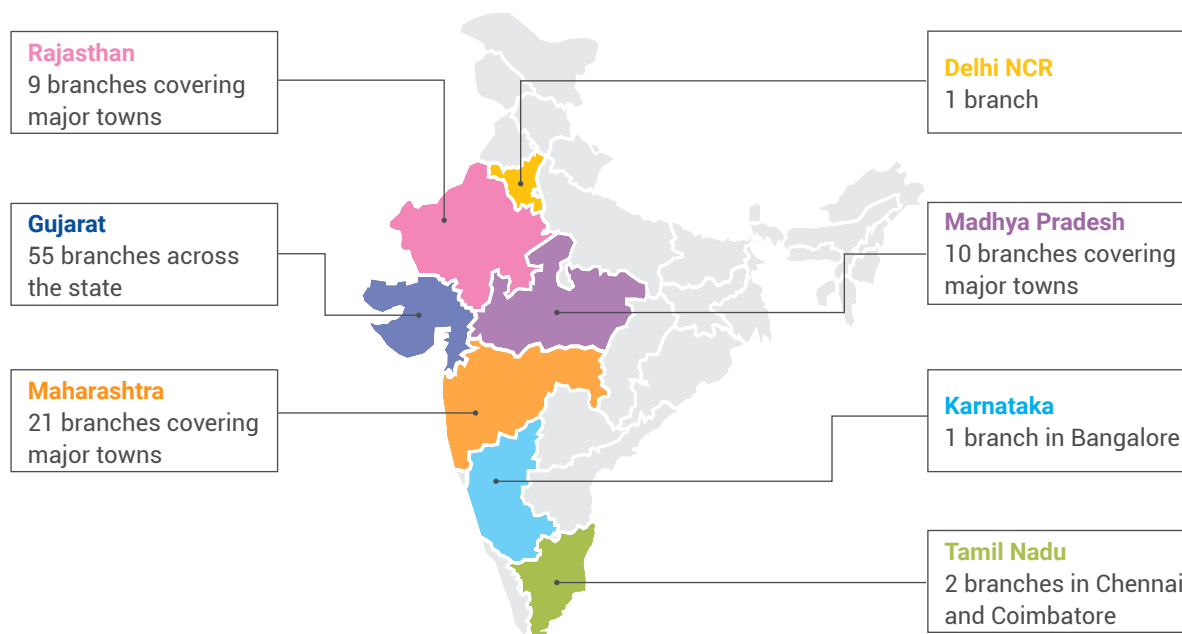
Beliefs

"We have miles to go & Promises to keep..."
"Together we can and we will"

KEY MILESTONES



GEOGRAPHIC PRESENCE



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 HFS 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.



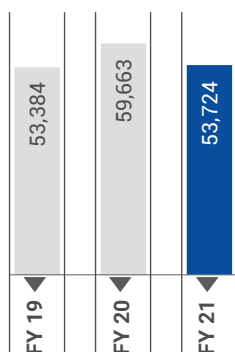
People-centric approach

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.

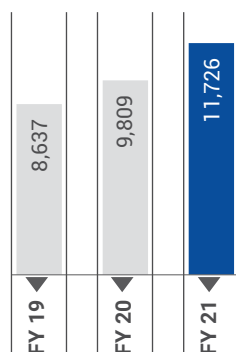
Snapshot of Financial Performance

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.

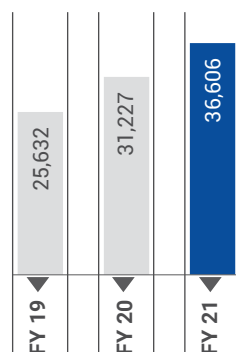
Assets Under Management (In ₹ Mn.)



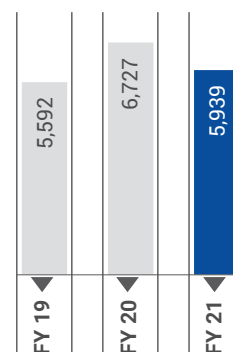
Net Worth (In ₹ Mn.)



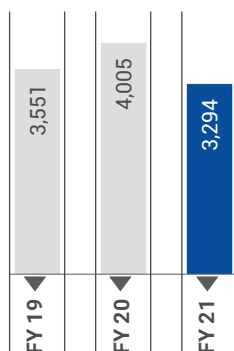
Borrowings (In ₹ Mn.)



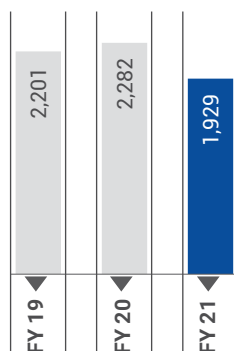
Revenue (In ₹ Mn.)



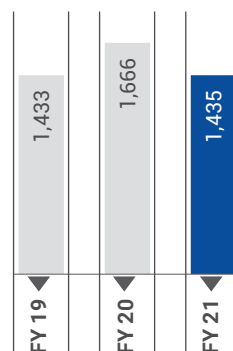
Net Interest Income (In ₹ Mn.)



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, HFS 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 ~~MS~~AS, 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 HFS 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 Niranjana 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 Niranjana 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	Punjab National Bank
Bajaj Finance Limited	RBL Bank Limited
Bank of Baroda	SBM Bank (India) Ltd
Bank of India	Shinhan Bank
Bank of Maharashtra	Small Industries
Baroda Gujarat Gramin Bank	Development Bank of India
Central Bank of India	State Bank of India
DBS Bank India Limited	Sundaram Finance Limited
HDFC Bank Limited	Tamilnad Mercantile Bank Limited
ICICI Bank Limited	Tata Capital Financial Services Limited
IDBI Bank Limited	The Federal Bank Limited
IDFC First Bank Limited	The South Indian Bank Limited
Indian Bank	Union Bank of India
Indian Overseas Bank	
IndusInd Bank	
Kotak Mahindra Bank Limited	
Micro Units Development & Refinance Agency Limited	
National Bank for Agriculture and Rural Development	

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
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - 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 ~~MA~~ 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	25 th 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. ~~MAAS~~ 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 26 th Annual General Meeting till the closure of 29 th 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, 1 st 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,
AAAS 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 AAAS 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 AAAS 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:

Particulars	(Amount in ₹ Lakhs)			
	Standalone		Consolidated	
	Year Ended on 31 st March, 2021	Year Ended on 31 st March, 2020 (Restated)	Year Ended on 31 st March, 2021	Year Ended on 31 st 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 (Housing 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 HARS:

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 HARS. Core team at HARS 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 HARS. We trust with all the above qualities accompanied by the determination to excel, this team forms a formidable second line of management at HARS.

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:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- 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;

- 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;
- they had prepared annual accounts on a going concern basis;
- they had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively;
- 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 Paise 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 endeavour 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 PERFORMANCE 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. **HFS 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 Disclosures 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 ACUTE AA- with Stable Outlook. Also, your company's short term rating remains the highest ACUTE A1+ by Acute Ratings & Research. The Credit rating was obtained from Acute 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
 Chairman and Managing Director
 (DIN: 00044852)

Darshana Pandya
 Director & CEO
 (DIN: 07610402)

Place : Ahmedabad
 Date :

Annexure - A

REMUNERATION POLICY

The policy is prepared 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 points need 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,
HFS FINANCIAL SERVICES LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HFS 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**
MAAS 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,
H.A.S. FINANCIAL SERVICES LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, **Ravi Kapoor & Associates**
H.A.S. FINANCIAL SERVICES LIMITED

Place: Ahmedabad
Date: 22nd July, 2021

Ravi Kapoor
Company Secretary in practice
FCS No. 2587
C P No.: 2407
UDIN: F002587C000672509

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.** ~~MRHMFL~~ 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.	~~MRHMFL~~ 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.	~~MRHMFL~~ 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.	HFS Rural Housing & Mortgage finance Limited	Cross Charge Agreement	One year	MFSL agrees to provide several intellectual services to HFS 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 31 st 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 31 st 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 31 st 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 31 st 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 31 st 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 31 st 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 31 st 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 31 st 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 31 st 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 31 st 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
MAAS FINANCIAL SERVICES LIMITED

Place : Ahmedabad
 Date: 22nd July, 2021

Kamlesh C. Gandhi
 Chairman and Managing Director
 (DIN: 00044852)

Darshana Pandya
 Director & CEO
 (DIN: 07610402)

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 Corporate Social Responsibility (CSR) activities. We are committed to making a difference by placing priority on giving back to our community and believe that businesses can only be successful when they are engaged in making the world a better place.

During the year, the Company has undertaken various initiatives in the areas of Education and Community Welfare.

2. Composition of CSR Committee:

The Company's CSR Committee consists of one Executive Director and two Independent Directors of the Company, and is chaired by an Independent Director. The composition of the Committee is set out below:

Sr. No.	Name of the Directors	Designation / Nature of Directorship		Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Umesh Shah(^)	Independent Director	Chairman	2	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.	શ્રી ઝાડો મેનસ્ટ્રુઅલ હાઈજીન પ્રોગ્રામ્મ (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 endeavour 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 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
HAAS 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	HAS 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:

- Names of subsidiaries which are yet to commence operations – NIL
- Names of subsidiaries which have been liquidated or sold during the year – NIL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

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.

- Names of associates or joint ventures which are yet to commence operations: NIL
- 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
AAAS FINANCIAL SERVICES LIMITED

Kamlesh C. Gandhi
 Chairman and Managing Director
 (DIN: 00044852)

Darshana S. Pandya
 Director & CEO
 (DIN: 07610402)

Place : Ahmedabad
 Date: 22nd July, 2021

Riddhi B. Bhayani
 Company Secretary & Compliance Officer
 Membership No.: A41206

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 Finance Has 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 Accountant Has 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,  **FINANCIAL SERVICES LIMITED**

Kamlesh C. Gandhi

Chairman & Managing Director
(DIN: 00044852)

Place: Ahmedabad
Date: 22nd July, 2021

Annexure - H

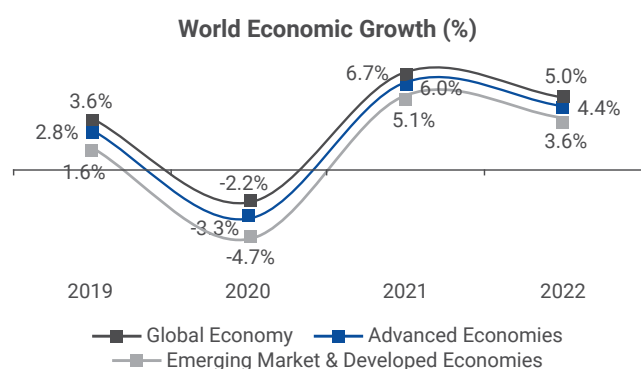
MANAGEMENT DISCUSSION & ANALYSIS FOR ANNUAL REPORT 2020-21

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.



Source: IMF World Economic Outlook, April 2021

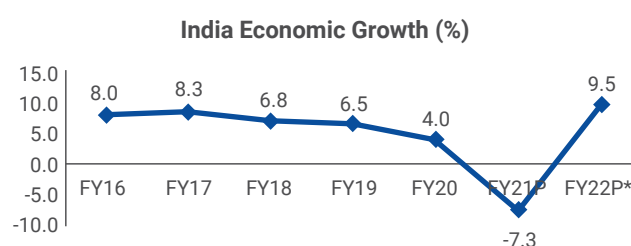
Indian Economy

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.



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

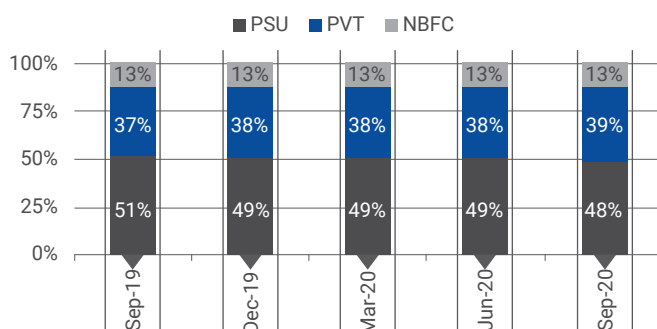
The Micro, Small and Medium Enterprises (MSME) have emerged as an engine of the Indian economy growth. They contribute nearly 30% to India's GDP, 50% to exports and provide employment opportunities to more than 11.1 crore skilled and semi-skilled people. There are approximately 6.33 crore MSMEs in the 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

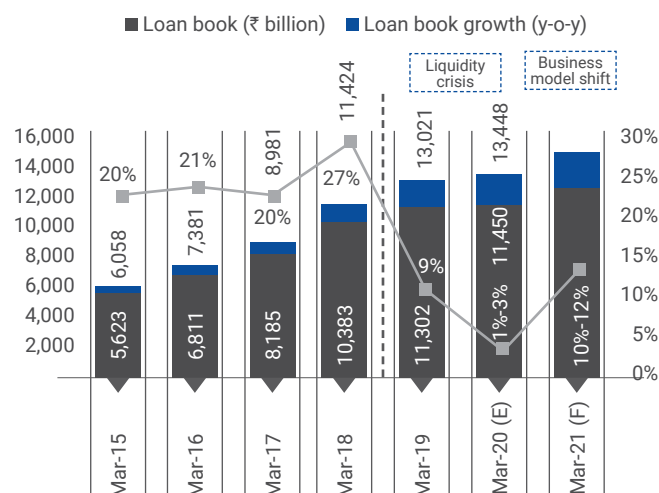


Source: MSME Pulse report by TransUnion CIBIL – February 2021

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 GNPA 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

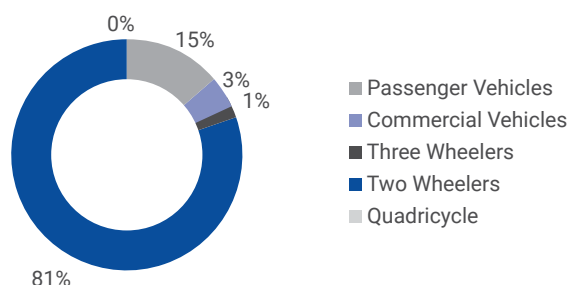
According to Society of Indian Automobile Manufacturers (SIAM), the automobile industry produced a total of 22,652,108 vehicles including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadricycles in FY 2020-21 as against 26,353,293 vehicles in FY 2019-20, registering a de-growth 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

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%.

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.

COMPANY OVERVIEW

AAAS Financial Services Limited (hereinafter referred as '**AAAS**'/'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, HFS 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.

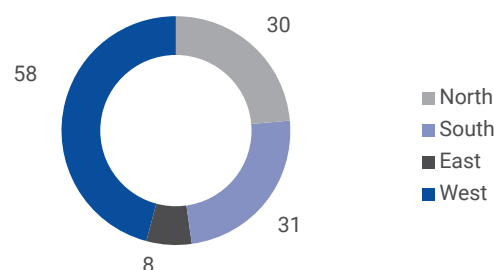
In addition to the direct sales team, HFS has entered into commercial arrangements with a large number of sourcing intermediaries including commission-based Direct Selling Agents (DSAs) as well as sourcing partners where part of a loan default is guaranteed by such sourcing partners. These revenue-sharing arrangements act as a relatively stable revenue source for such sourcing partners and are therefore attractive to them. As of 31st March 2021, HFS had 290 sourcing intermediaries 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

HFS 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)

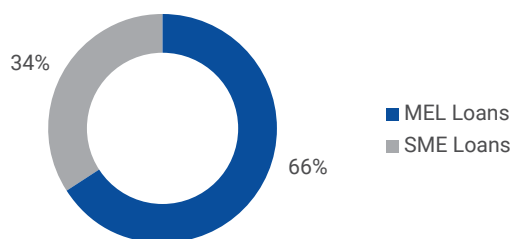
- Loans to small enterprises spread across 190 business categories including retailers, traders, small manufacturers, and service providers.
- Loan ticket size ranges from ₹ 0.5 lakh to ₹ 10.0 lakhs.

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, HFS 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

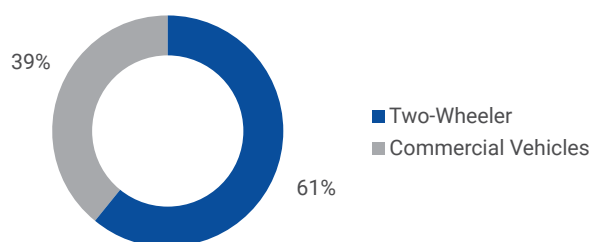
- Loans offered to farmers, self-employed businessmen and professionals, and salaried customers to purchase two-wheelers in urban, semi-urban, and rural areas.
- Loan ticket size ranges from ₹ 25,000 to ₹ 1.50 lakhs.

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

AAAS 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, AAAS provided loan amounting to ₹ 301.89 crore.



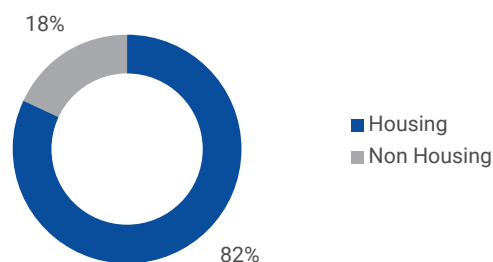
Assets under Management for Commercial Vehicle and Two-Wheeler Loans stood at ₹ 529.61 crore as on 31st March 2021 in comparison to ₹ 554.95 crore as on 31st March 2020, plunging year-on-year by 4.57%.

Housing Loans

AAAS Rural Housing & Mortgage Finance Ltd. (MRHMFL), a subsidiary of AAAS 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 31 st March, 2021	Year Ended on 31 st March, 2020	Year Ended on 31 st March, 2021	Year Ended on 31 st 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

Particulars	Standalone		Consolidated	
	Year Ended on 31 st March, 2021	Year Ended on 31 st March, 2020	Year Ended on 31 st March, 2021	Year Ended on 31 st 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 strengthened 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

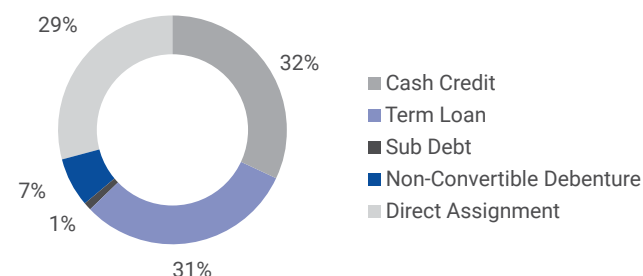
For FY 2020-21, the Company could generate the return on Networth of 14.65% despite of the severe headwinds faced during the year due to the ongoing pandemic. The return on networth stood at 19.30% in FY 2019-20.

LIABILITY MANAGEMENT

Liability management is of utmost importance at HFS. 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, HFS 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. **MASS** 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. **MASS** 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, **MASS** 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, **MASS** 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, HFS 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. HFS 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.

HFS 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 HFS 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.

AAAS 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. AAAS 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 AAAS, 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 Niranjana 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 – HASS Financial Services Limited 2. Stakeholder Relationship Committee – HASS Financial Services Limited 3. Audit Committee – HASS Rural Housing & Mortgage Finance Limited

Details of Membership in Committees:

Director	Committee
Mr. Balabhaskaran	1. Audit Committee - HASS Financial Services Limited 2. Stakeholder Relationship Committee - HASS Financial Services Limited 3. Audit Committee – HASS Rural Housing & Mortgage Finance Limited
Mr. Umesh Shah	1. Audit Committee – HASS Financial Services Limited
Mr. Chetan Shah	1. Audit Committee – HASS Financial Services Limited 2. Stakeholder Relationship Committee – HASS Financial Services Limited 3. Audit Committee – HASS Rural Housing & Mortgage Finance Limited
Mrs. Darshana Pandya	1. Audit Committee – HASS Financial Services Limited 2. Stakeholder Relationship Committee – HASS Financial Services Limited 3. Audit Committee – HASS 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. HFS Financial Services Limited [#]	Executive Director	-
	2. HFS 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. HFS Financial Services Limited [#]	Executive Director	Audit Committee – Member SRC - Member
	2. HFS 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. HFS Financial Services Limited [#]	Non - Executive Director	Audit Committee – Chairman Nomination & Remuneration Committee – Chairman SRC - Chairman
	2. HFS 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. HFS Financial Services Limited [#]	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee – Member SRC - Member
	2. HFS Rural Housing & Mortgage Finance Limited	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee - Member
Mr. Umesh Rajanikant Shah	1. HFS Financial Services Limited [#]	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee – Member
Mrs. Daksha Niranjana Shah	1. HFS 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:

Sr. No.	Name of the Directors	Skills/Expertise identified by the Board	Specialization
1.	Mr. Kamlesh C. Gandhi	• Integrity, • Ability to function as Team, • Leadership Quality, • Commitment	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 enablers for the consistent performance of the Company.
2.	Mrs. Darshana S. Pandya	• Future Vision & Innovation	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 ~~AAA~~ and also the relationship of the company with its more than 100 NBFC-MFI & NBFC Partners.
3.	Mr. Balabhaskaran		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.
4.	Mr. Chetan R. Shah		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.
5.	Mr. Umesh R. Shah		He has more than three decades of experience in the diversified fields connected with Finance, Accounting, Auditing and Taxation. He is Bachelor of Commerce and Chartered Accountant holding membership of the Institute of the Chartered Accountants of India (ICAI). The Company is benefitted from the valuable experience, knowledge and Expertise Mr. Umesh R. Shah.

Sr. No.	Name of the Directors	Skills/Expertise identified by the Board	Specialization
6.	Mrs. Daksha N. Shah		She has rich experience of more than three decades in diversified fields of Textile, Chemical and Financial services. She worked as a Programme Director of Vikas Centre for Development and Friends of Women's World Banking by serving and building capacity of more than 80 Microfinance Organizations all over India. She has served on the Board of various MFIs as well as Trustee of various Trusts involved in social and humanitarian work. She worked as Managing Director of Pahal Financial Services Pvt. Ltd from 2011 to 2014. At present she is the Managing Director of Altura Financial Services Ltd since 2014. She is a business graduate from Indian Institute of Management (IIM), Ahmedabad, specializing in Finance and Marketing and also a student of Economics and Statistics. She has undergone various courses such as the course in Microfinance at the Economic Institute, Boulder, Colorado, USA. The Company is benefitted from the valuable experience, knowledge and expertise of Mrs. Daksha N. Shah.

In the opinion of the Board, the independent directors fulfill the conditions specified in Listing Regulations and are Independent of the Management.

No Independent Director has resigned before the expiry of their tenure during the year; therefore there is no requirement to make any disclosure in the said matter.

Independent Directors and Evaluation of Directors and the Board:

In terms of Section 149 of the Companies Act, 2013 and rules made there under, the Company has Four Independent Directors in line with the Companies Act, 2013 and the provisions of Listing Regulations. The terms and conditions of appointment of Independent Directors and Code for Independent Directors are hosted on the website of the Company at www.mas.co.in. The Company has received necessary declaration from each Independent Directors under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 alongwith in compliance in Rule 6 (1) and (3) of Companies (Appointment and Qualifications of Directors) Rules, 2014 as amended from time to time and Regulation 25 (8) & (9) of Listing Regulations.

With the objective of enhancing the effectiveness of the board, the Nomination and Remuneration Committee formulated the methodology and criteria to evaluate the performance of the board and of each director. The evaluation of the performance of the board is based on the approved criteria such as the board composition, strategic planning, role of the Chairman, non-executive directors and other senior management, assessment of the timeliness and quality of the flow of information by the Company to the board and adherence to compliance and other regulatory issues.

A separate meeting of Independent Directors was held on 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 India (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 monetary 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: grievance@mas.co.in
Phone: +91-79-41106638

Broad terms of reference:

- 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.;
- Review of measures taken for effective exercise of voting rights by shareholders;
- 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;
- 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
- 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:

- To formulate a detailed risk management policy which shall include:
 - 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.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business Continuity Plan
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- 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 Paise 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 PhirozeJeejeebhoy Towers Dalal Street Mumbai – 400001 Scrip Code: 540749	National Stock Exchange of India Limited Exchange Plaza Plot No. C/1, G Block Bandra-Kurla Complex Bandra (East) Mumbai – 400051 Trading Symbol: MASFIN

The Company's Debt Securities are listed on BSE Ltd.

Annual listing fees for the year 2021-2022 have been paid by the Company to BSE Ltd. & National Stock Exchange of India Limited.

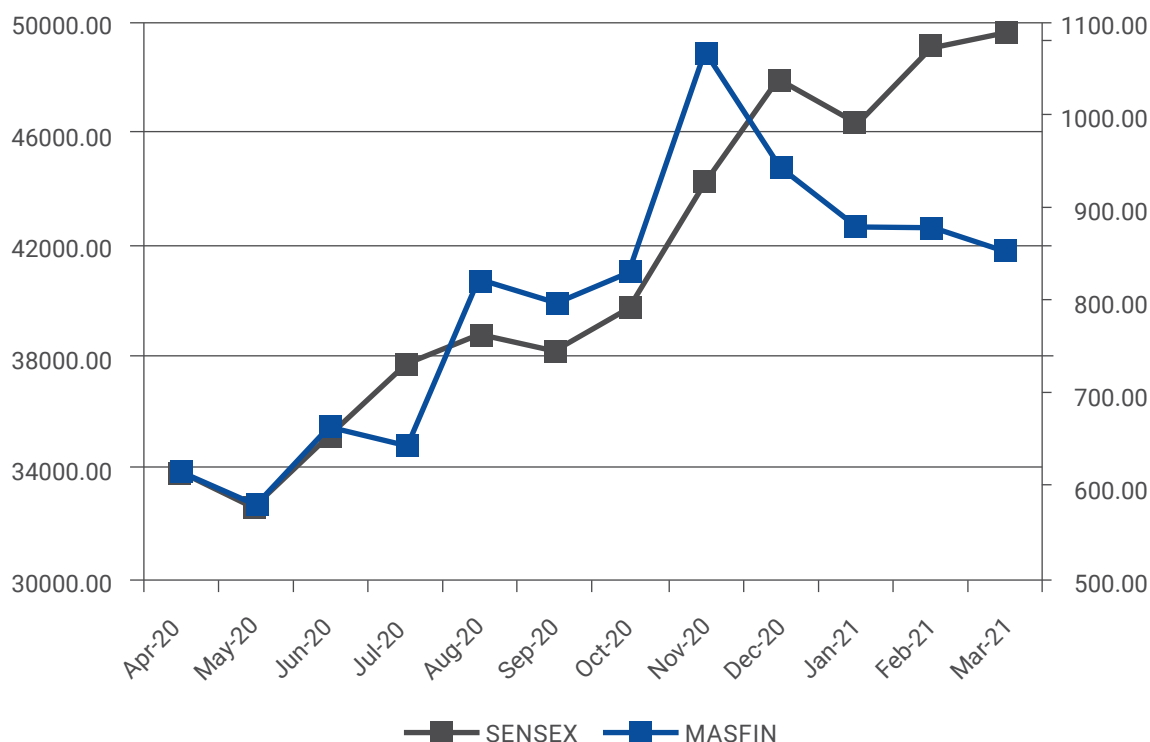
h. Market Price Data:

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

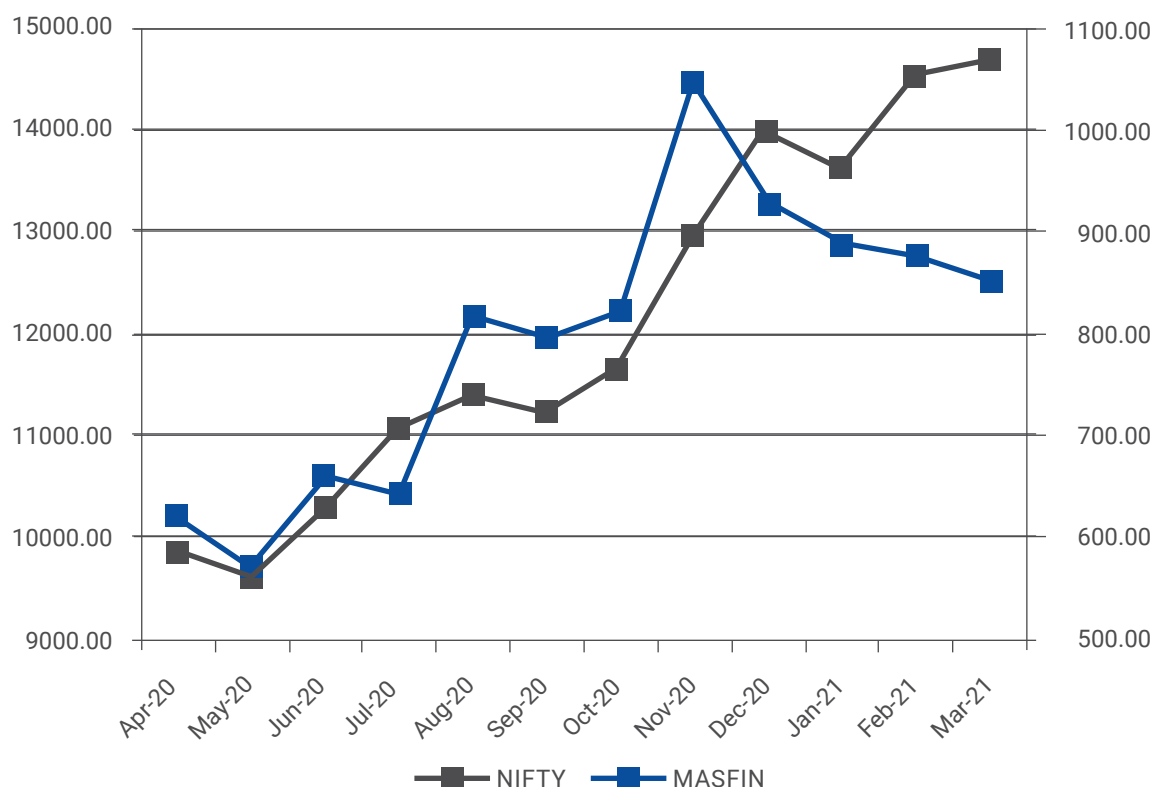


Month	Company's Shares	
	High (In ₹) – NSE	Low (In ₹) – NSE
April, 2020	664.00	502.50
May, 2020	605.50	532.15
June, 2020	715.30	573.20
July, 2020	727.75	613.00
August, 2020	895.00	620.00
September, 2020	900.00	765.00
October, 2020	890.00	796.15
November, 2020	1,110.85	801.30
December, 2020	1,089.90	821.60
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 not 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.
- l. 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 Niranjana 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 **HAS 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 **HAS 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
HAS 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. ~~MA~~ 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. ~~MA~~ 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. Questions No.	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. Questions No.	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:

- 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 instances 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?
- Permanent Employees
 - Permanent Women Employees
 - Casual/Temporary/Contractual Employees
 - 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

- Has the Company mapped its internal and external stakeholders? Yes/No
No
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.
Not Applicable
- 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.

- 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.
- 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

- Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
 - Not Applicable
- 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 HFS Financial Services Limited

Report on the Audit of the Standalone Financial Statements

QUALIFIED OPINION

We have audited the standalone financial statements of HFS 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	
<i>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"</i>	

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. <i>Key aspects of our controls testing involved the following:</i> • 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

Mumbai

19 May 2021

Membership No.109928

UDIN: 21109928AAAAANP3329

ANNEXURE A

To the Independent Auditor's report on the standalone financial statements of **HAS 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 to 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

Mumbai
19 May 2021

Membership No.109928
UDIN: 21109928AAAAANP3329

ANNEXURE B

To the Independent Auditor's report on the standalone financial statements of **HFS 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 **HFS 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

Mumbai
19 May 2021

Membership No.109928
UDIN: 21109928AAAAANP7117

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

Sameer Mota
Partner
Membership No: 109928

Darshana S. Pandya
(Director & Chief Executive Officer)
(DIN - 07610402)

Riddhi B. Bhayani
(Company Secretary & Compliance Officer)
(Membership No: A41206)

Mumbai
19 May 2021

Ahmedabad
19 May 2021

For and on behalf of the Board of Directors of
BRS Financial Services Limited

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Ankit Jain
(Chief Financial Officer)

Standalone Statement of Profit and Loss

for the year ended 31 March 2021

	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
AAAS 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
AAS Financial Services Limited

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(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:

- 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

- 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.
- 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.
- 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

Sameer Mota

Partner

Membership No: 109928

Darshana S. Pandya

(Director & Chief Executive Officer)

(DIN - 07610402)

Riddhi B. Bhayani

(Company Secretary & Compliance Officer)

(Membership No: A41206)

Mumbai

19 May 2021

Ahmedabad

19 May 2021

For and on behalf of the Board of Directors of

HAS Financial Services Limited

Kamlesh C. Gandhi

(Chairman & Managing Director)

(DIN - 00044852)

Ankit Jain

(Chief Financial Officer)

Notes

Forming part of the Standalone Financial Statements for the year ended 31 March 2021

1. CORPORATE INFORMATION

AA 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:

- 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.
- Development of ECL models, including the various formulas and the choice of inputs.
- 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.

$$\% \text{ Recovery rate} = \frac{(\text{discounted recovery amount} + \text{security amount} + \text{discounted estimated recovery})}{(\text{total outstanding})}$$

$$\% \text{ LGD} = 1 - \text{recovery rate}$$

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.

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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 nor 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.

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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:

- Refer note 34(b) for loans to Companies in which directors are interested.
- 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.

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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

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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

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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 .

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	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.

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	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.

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	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 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 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.

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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

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15. OTHER FINANCIAL LIABILITIES

	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

	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

	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

		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	HFS Rural Housing & Mortgage Finance Limited
2	Key management personnel ("KMP") (where there are transactions)	Mr. Kamlesh C. Gandhi (Chairman and managing director) 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 (where there are transactions)	Prarthna Marketing Private Limited 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:

	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

(₹ In Lakhs)

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:

	Year ended	
	31 March 2021	31 March 2020
Post-employment benefits	2.68	2.48
Other long term employment benefits	0.38	-
	3.06	2.48

(₹ In Lakhs)

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:

Sr. No.	Name	As at				
		31 March 2021	Maximum balance outstanding during the year ended 31 March 2021	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

(₹ In Lakhs)

* 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:

- ₹ 2,945.83 lakhs (31 March 2020: ₹ 13,372.62 lakhs, 1 April 2019: ₹ 1,668.26 lakhs) represents advances received against loan agreements.
- ₹ 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.

	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):		
1 st Following Year	14.77	2.10%
2 nd Following year	15.10	2.10%
3 rd Following Year	16.44	2.30%
4 th Following Year	16.96	2.40%
5 th 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 value¹							
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 value¹							
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	-	-				

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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 value¹							
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 value¹							
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 value¹							
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 value¹							
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	-	-				

¹The 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.

²Bank 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.

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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.

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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.

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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:

- Two wheeler loans
- Micro enterprise loans
- Salaried personal loans
- Small and medium enterprise loans
- Commercial vehicle loans
- 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:

- Probability of default ("PD")
- Loss given default ("LGD")
- Exposure at default ("EAD")
- 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.

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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

Category	(₹ In Lakhs)	
	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

Category	(₹ In Lakhs)	
	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

- Refer note 7(B)(ii) to the standalone financial statements.
- 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 COUNTERPARTY¹ (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 liabilities ²	75%	68%

¹Significant 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'.

²Total 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/PRODUCT³

(₹ 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%	-	-

³Significant 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%

⁴Public 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		
	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:

- As defined in point xix of paragraph 3 of Chapter - 2 of these Directions.
- Provisioning norms are applicable as prescribed in the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.
- All 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
HAS 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 HFS Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

QUALIFIED OPINION

We have audited the consolidated financial statements of HFS Financial Services Limited (hereinafter referred to as the 'Holding Company') and its subsidiary - HFS 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. <i>Key aspects of our controls testing involved the following:</i> - 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 Retail 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. <i>Impact of COVID-19</i> 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

Mumbai
 19 May 2021

Membership No.109928
 UDIN: 21109928AAAAANR7117

ANNEXURE A

to the Independent Auditor's report on the consolidated financial statements of **HAS 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 **HAS 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

Mumbai

19 May 2021

Membership No.109928

UDIN: 21109928AAAAANR7117

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

HAS 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 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
HAAS 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
HAS 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:

- 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

- 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.
- 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.
- 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

AAS Financial Services Limited

Sameer Mota

Partner

Membership No: 109928

Darshana S. Pandya

(Director & Chief Executive Officer)

(DIN - 07610402)

Riddhi B. Bhayani

(Company Secretary & Compliance Officer)

(Membership No: A41206)

Kamlesh C. Gandhi

(Chairman & Managing Director)

(DIN - 00044852)

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

AA Financial Services Limited (the "Holding Company") together with its subsidiary AA 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"). AA 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
HFS Rural Subsidiary Housing & Mortgage Finance Limited	company	India	HFS 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

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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 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 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.

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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

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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.

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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 nor 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.

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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 arrive 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.

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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

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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

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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.

	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

	As at 31 March 2021			As at 31 March 2020			As at 01 April 2019		
	At cost	At fair value through P&L	Total	At cost	At fair value through P&L	Total	At 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

	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

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(₹ 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

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	(₹ 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

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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

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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.

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	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 .

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	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.

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	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.

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	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 AAS 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.

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	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 HFS 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 from the bank finance. Corporate Guarantee of ~~MA~~ 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 HAS 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 HAS 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

	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

	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

	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 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) (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:

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)

	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

	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.)

	As at 01 April 2019	Statement of profit and loss	OCI	Other Equity	(₹ In Lakhs) 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

	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

	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

	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

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31. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

	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)

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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.

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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 out- standing during the year ended 31 March 2021	As at 31 March 2020	Maximum balance out- standing 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.

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(₹ 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:

- ₹ 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.
- ₹ 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								
₹ Financial Services Limited	94.90%	113,916.42	97.52%	14,191.11	96.84%	750.79	97.49%	14,941.90
Subsidiary								
₹ 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								
₹ Financial Services Limited	94.26%	94,843.82	98.60%	16,572.45	99.51%	470.24	98.62%	17,042.69
Subsidiary								
₹ 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

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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		
HFS Financial Services Limited	94.79%	84,155.84
Subsidiary		
HFS 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

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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.

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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

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(₹ 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%

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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):		
1 st Following Year	15.93	2.00%
2 nd Following year	16.05	1.85%
3 rd Following Year	17.58	2.10%
4 th Following Year	18.28	2.30%
5 th 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 value¹							
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	-	-				

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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 value¹							
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 value¹							
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 value¹							
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 value¹							
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 value¹							
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	-	-				

¹The 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.

²Bank 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:

- Two wheeler loans
- Micro enterprise loans
- 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

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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

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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 benefits are provided to distressed customers who are impacted by COVID-19 pandemic.

Such restructuring benefits include extended payment term arrangements, moratorium and changes in interest rates. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer note 3.5). The Group monitors the subsequent performance of modified assets. The gross carrying amount of such assets held as at 31 March 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

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	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.

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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

Sameer Mota
Partner
Membership No: 109928

Mumbai
19 May 2021

Darshana S. Pandya
(Director & Chief Executive Officer)
(DIN - 07610402)

Riddhi B. Bhayani
(Company Secretary & Compliance Officer)
(Membership No: A41206)

Ahmedabad
19 May 2021

For and on behalf of the Board of Directors of
HAAS Financial Services Limited

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Ankit Jain
(Chief Financial Officer)

Notes



The Power of Distribution

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The Power of Distribution

25TH ANNUAL REPORT
2019-20

1995

2020

***EVERY TIME WE REACH
A MILESTONE,
WE BELIEVE
WE HAVE
JUST BEGUN...***

25th
Year
Of
ENDEAVOURS

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www.mas.co.in

Visit Company's official website to
download the Annual Report.

EVERY TIME WE REACH A MILESTONE, WE BELIEVE WE HAVE JUST BEGUN

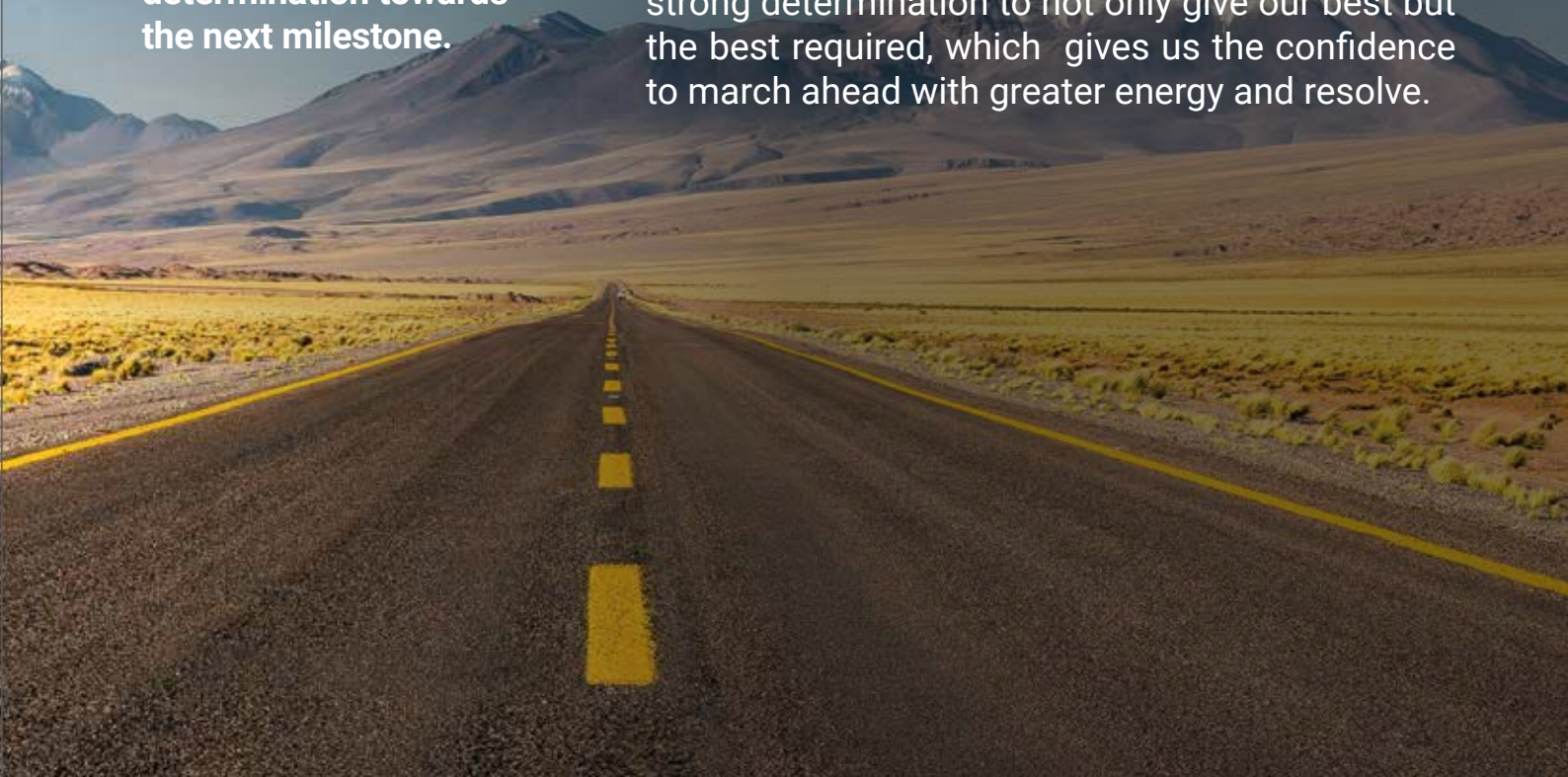


It is said that change is the only constant in life. The journey is always evolving, and so are we. At *MAS* Financial Services, we have now completed 100 profitable quarters — an enriching 25 years in this sector — by always moving with zeal and determination towards the next milestone.

We cater to the essential financial needs of middle- and low-income individuals and support small, medium, and micro-enterprises, thereby contributing to the building blocks of the country. Over the quarter century of our operation, India's economic heft and the aspirations of its people have changed beyond recognition. We have crossed many milestones, with endurance to go the distance, whatever that distance may be, because we have not only been attuned to these changes but have also endeavoured to foresee needs and to be prepared to fulfil them.

In a country with so many diverse demographic segments, a nation that is both Bharat and India, a sustained performance in the financial services sector requires reach, communication, prudence, and the right services and products. We have been fortifying all of these aspects of our business, and have thus reached the milestone of managing assets worth ₹ 60,000 Mn. on a consolidated basis. Still more ground could have been covered, but for the unimaginable scale and impact of the COVID-19 pandemic and the nationwide lockdown. Lives came before profits, and we exercised the highest degree of caution to protect the most important asset of any country — its people. The new normal means another spurt of change in financial needs and habits; we are there for it.

The idea of the next milestone is always invigorating for us with an attitude of converting challenges into opportunities by constantly improving on our skill sets accompanied by our strong determination to not only give our best but the best required, which gives us the confidence to march ahead with greater energy and resolve.



FROM THE DESK OF FOUNDER, CHAIRMAN & MD

“This financial year was very special: 25th year of consistent performance and emerging stronger on all parameters despite the unprecedented challenges”



**Dear shareholders,**

It is with immense pride and gratitude that I present to you the 25th Annual Report of **MASS** Financial Services Ltd. While every year, we endeavour to prove our mettle, this financial year was particularly tough, and our performance of team **MASS** even during this period deserves appreciation. Our Assets under Management (AUM) crossed the mark of ₹ 60,000 Mn on a consolidated basis. The global economy experienced a protracted slowdown in 2019, the most sluggish it has been since the 2008 crash. That was followed by the novel coronavirus contagion of 2020, a crisis that ushered in the 'new normal'.

What happened in India in 2019 was particularly relevant to **MASS**, as the nonbanking financial companies (NBFCs) sector, the space where we operate, was beset by severe problems, following the payment default crisis and the resultant market panic and liquidity crunch for NBFCs. The distress of this sector, which supports individuals and MSMEs with a range of lending, disrupted the loan-repayment cycle in the economy, drying up consumption. It was a downward spiral that the nation saw at the time. However, we navigated this crisis fairly unscathed, as we look at growth in a holistic way, prudently balancing risks and safeguards.

Then came COVID-19 and completely froze all but the most essential economic activities. We were cautious on disbursing loans, naturally, and we estimated that normal economic activity at the end of March 2020 would have pushed our AUM potentially to ₹ 63,000 Mn. Surviving these crises and coming out of them with strong numbers is a milestone for **MASS**, without a doubt.

The next milestone would be to make a concrete contribution to India's recovery from the aftermath of the COVID-19 lockdown by disbursing a targeted amount of loans, recalibrating our policy according to the new circumstances. The country will continue to function in the shadow of the pandemic, but holding

back on lending is not an option as that would weaken the economy further. Instead, we shall raise the level of our due diligence and remain guided by our principle of creating entrepreneurs, not just borrowers.

Among consumer sectors where we foresee a moderate revival, when there is enough liquidity in the system, are housing loans, two-wheeler and commercial vehicle loans, and MSME loans, though the first two categories would remain subdued in the near term. The COVID-19 outbreak has caused a massive reverse migration of low income families to the hinterlands, and that might very well give rise to new opportunities there, with small businesses coming up to fill the employment vacuum. With our robust retail presence, a network of last-mile service, and a thorough knowledge of target groups' behaviour, we are well-positioned to take advantage of opportunities arising from the crisis – because in the economic cycle, down is inevitably followed by up.

MEASURES FOR COVID-19

To help borrowers deal with the tremendous income uncertainty of COVID-19, we offered moratorium on loan repayments; at the same time, we proactively advised borrowers to continue repaying their loans if they could afford to do so. Our continuous efforts on engaging with our borrowers resulted into 49% and 45% of the total loan repayment instalments coming in April and May 2020 despite a total lockdown and all the borrowers being granted the moratorium. The same speaks of the moral conduct of the borrowers besides a disciplined financial management.

Due to a very strong liability management of the company, we opted not to avail any moratorium on the loans we have taken. Indeed, our liquidity position is more than adequate to meet all financial obligations for 2020.

We have made a special COVID-19 provision of ₹ 203.33 Mn, translating to 0.61% of our on-book assets of ₹ 33,255 Mn. As on 31st May 2020, our total liquidity buffer was around ₹ 7,000 Mn and we had unutilised cash credit facility of ₹ 7,000 Mn.

The contagion required us to operate most of our 105 branches with minimum staffing, and a gradual scale-up plan was made to resume full operations. Employee welfare measures included regular sanitisation of office premises; giving out a daily health advisory, supported by basic health checks of employees; and keeping a doctor on call. Employees were reskilled as necessary to adapt to the transformed circumstances.

OUTLOOK

India's growth story will get back on track, albeit with some changes in detail. Team **MASS** is determined to play a central role in that story by extending credit where its due, fulfilling aspirations, providing stability, firing up the spirit of enterprise.

MASS is at a very strategic inflection point and the steady growth of around 20% over the next decade will lead to a formidable size with very strong fundamentals. The strong enablers being our resolve, experience, huge market size, strong learning curve and almost a self-propelling model on capital requirement.

We remain committed to our mission of "Excellence through Endeavour" and I place on record my gratitude to all the stakeholders and more importantly the immense contribution of the core team and also the entire team of **MASS** during this journey of 25 years, aware of the fact that we have miles to go..... and together we can and we will.....

Kamlesh C. Gandhi

Chairman and Managing Director

FROM THE DESK OF CO-FOUNDER AND DIRECTOR-FINANCE

“Our prudent
lending and asset
management,
coupled with
adequate liquidity,
puts us in a
fundamentally
strong league
among NBFCs”



**Dear shareholders,**

My greetings and the best wishes on completion of the 25th year of this company. Over all these years we have tirelessly endeavoured to perform on the dictum of "Excellence through Endeavours". We have, during the year under review, maintained our steadily rising growth graph, reaching AUM of ₹ 60,000 Mn, resolutely moving forward even as crisis after crisis slowed the economy down. This is more than a number; this is proof of what can be achieved when every step is guided by a commitment to creating value and remaining prudent.

Our Profit after Tax (PAT) for the year ended 31st March 2020 is ₹ 1,782 Mn, up from ₹ 1,521 Mn in the previous year, a growth of 17.16%. The level of profit in a year that put

every industry, every country under extreme stress reflects our cost efficiency, comprehensive offerings, and stakeholder trust. Excluding our special contingent provision for COVID-19, PAT stood at ₹ 1,934 Mn registering a growth of 27.16%.

Return on AUM for the year ended 31st March 2020 was 3.15% and Return on Equity was 18.29%. The figures would be slightly higher, 3.42% and 19.85%, respectively, when adjusted for COVID-19 provisioning.

We have strategised, and are constantly updating that strategy, in keeping with the changing - and still uncertain macro economic conditions. Our prudent lending and asset management, coupled with adequate liquidity,

puts us in a leading position among NBFCs. Notably, we have not opted for moratorium benefits on the outstanding loans and are comfortably placed to meet our repayment obligations for the year. Our market credibility gives us access to funds for lending, ensuring that we shall have the resources to grow our business and help the national economy recover as well.

On behalf of Team ~~ATAS~~ ^{ATAS}, we thank you for your long association with us, and look forward to growing our business in scale and depth with your support.

Mukesh C. Gandhi
Director - Finance

AAS AT A GLANCE

AAS Financial Services started its journey in 1995, following its registration as an NBFC with the Reserve Bank of India. The Company specialises in catering to retail customers, especially those in the low-income and middle-income segments; it also offers enterprise loans to MSMEs. These are the borrowers mostly in need of readily available loans to fulfil their obligations and aspirations, and to grow their modest businesses that provide employment around the country.

Our offerings span Retail Financing products for MSMEs, Home Loans, Two-Wheeler Loans, Used Car Loans and Commercial Vehicle Loans. Our 105 branches cover urban, semi-urban and rural areas in 7 territories: Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu, Karnataka, and Delhi NCT. By the end of March 2020, we had serviced 7,00,000+ active clients, in formal and informal sectors, often taking financial services to the customers' doorstep.

Seeing that our target borrowers do not always have complete paperwork to prove their eligibility, we have been putting in place alternative systems that would enable us to assess loan repayment ability and extend credit where it is due while protecting the Return on Capital Employed (RoCE). Our system of analysing creditworthiness includes getting to know borrowers very well by engaging with them constantly. We strive to be there always for MSMEs, supporting their role in fuelling the economy.

One of our key strategic moves is to be present everywhere and become a leading lender. To achieve and retain this advantage, we leverage the distribution network of our partners non-banking finance companies, microfinance institution NBFCs, housing finance companies, franchisees – to reach out to those who are unserved and under-served.



Vision

To be one of the most efficient distributors of financial services and create value on a very large scale.



Mission

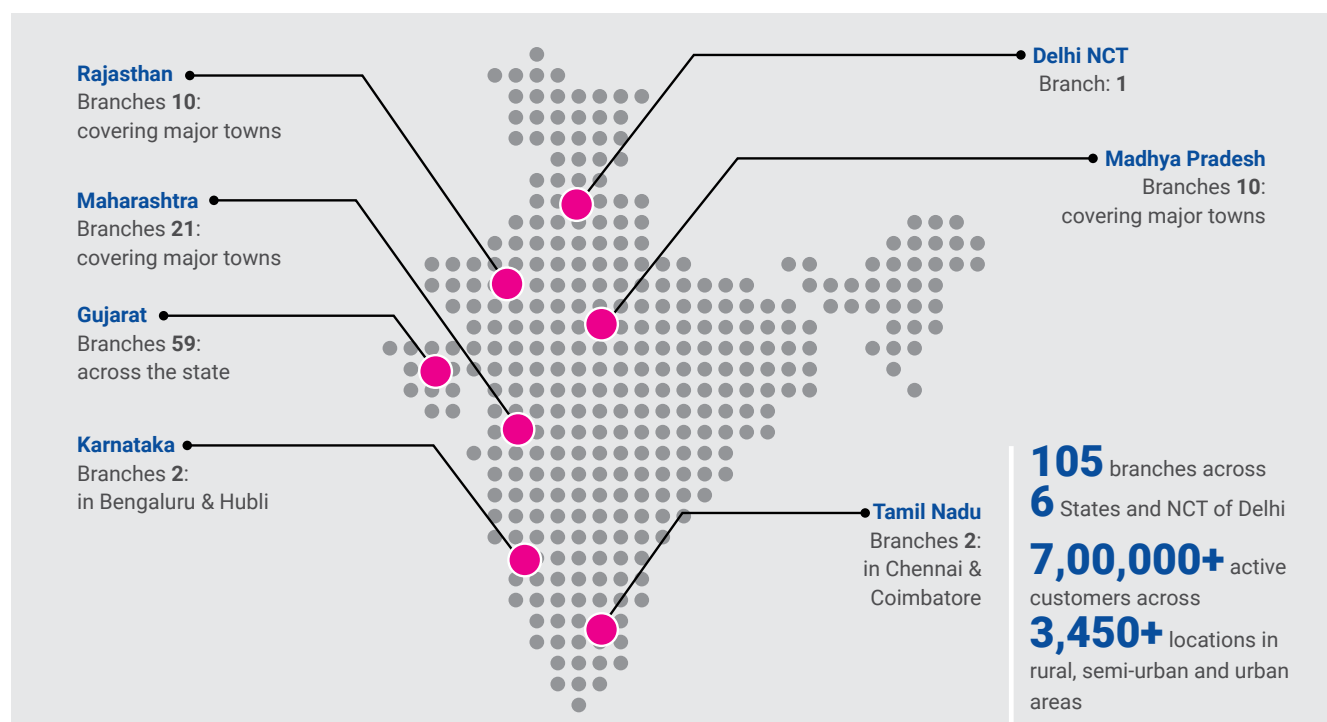
To constantly endeavour, to attain excellence, and create a very wide financial distribution network and to be a catalyst in providing the most efficient financial services which we term as financial inclusion.



Belief

"We have miles to go & Promises to keep..."

"Together we can and we will"





PRODUCT OFFERINGS



Micro Enterprise Loan (MEL): Financing small and micro enterprises to fulfil growing aspirations



Small & Medium Enterprises (SME) Loan: Fuelling the growth and development of small and medium enterprises



Two-Wheeler Loan: Fulfilling dreams of self-employed and salaried customers for purchasing two-wheelers

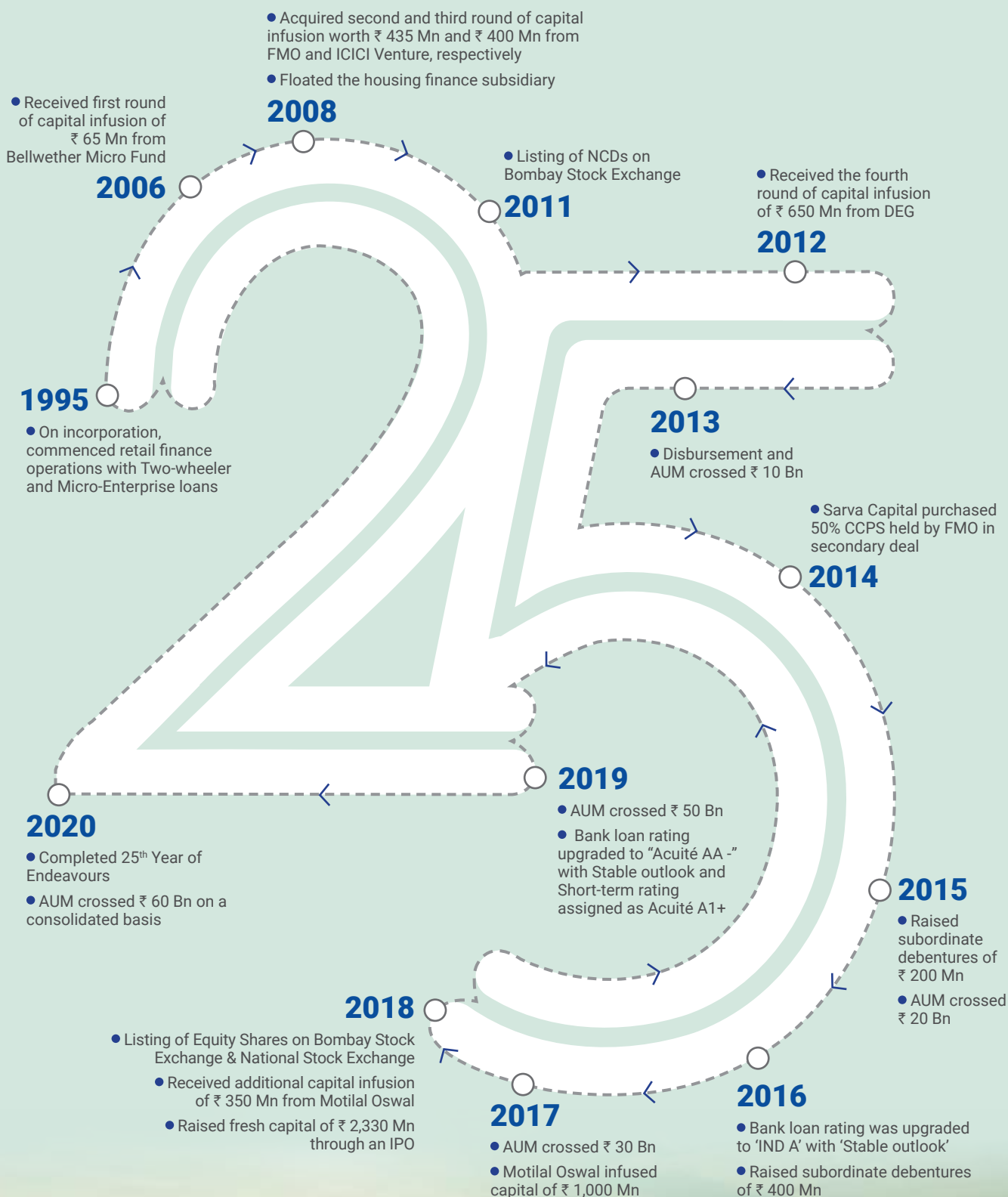


Commercial Vehicle (CV) Loan: Financing entrepreneurs to expand and fuel up their distribution business through critical addition of new and used commercial vehicles

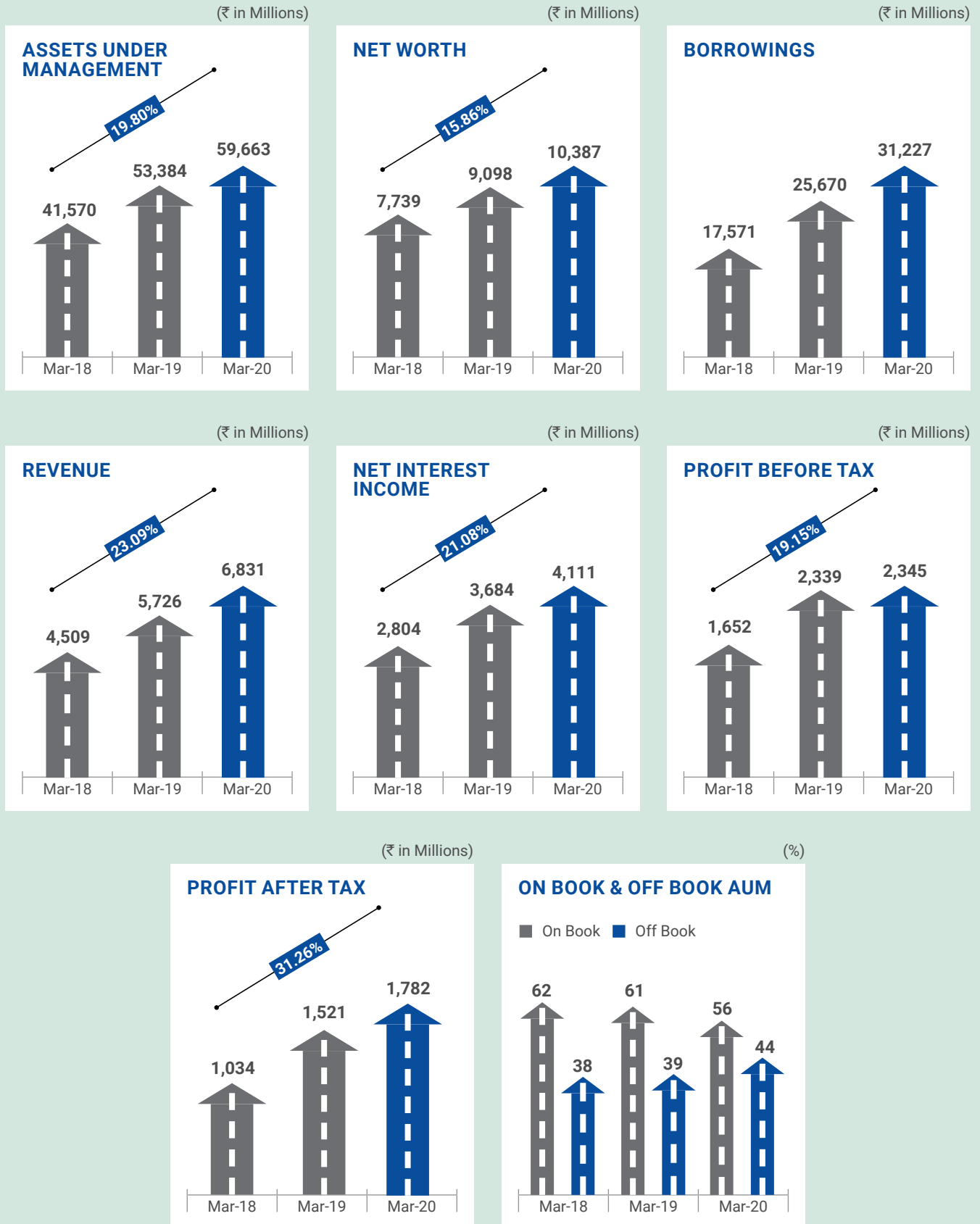


Home Loan: Affordable housing for middle and low-income individuals through our subsidiary **RAAS** Rural Housing and Mortgage Finance Ltd.

KEY MILESTONES OVER THE YEARS

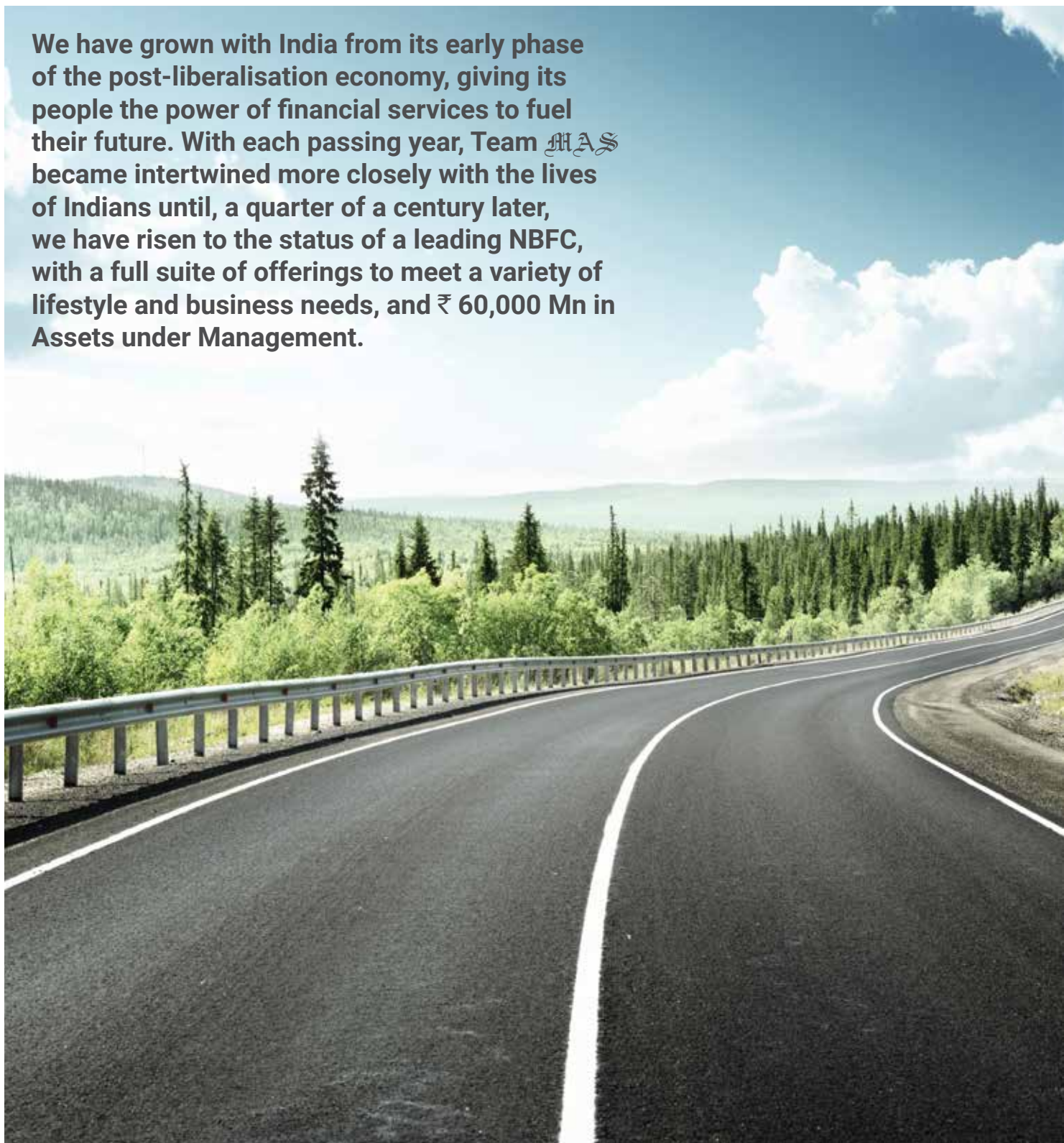


FINANCIAL PERFORMANCE



AN ASPIRATIONAL POPULATION FOR WHOM FINANCIAL SERVICES ARE FUEL FOR THE FUTURE

We have grown with India from its early phase of the post-liberalisation economy, giving its people the power of financial services to fuel their future. With each passing year, Team HFS became intertwined more closely with the lives of Indians until, a quarter of a century later, we have risen to the status of a leading NBFC, with a full suite of offerings to meet a variety of lifestyle and business needs, and ₹ 60,000 Mn in Assets under Management.





It feels proud to be part of a country that is now the fifth largest economy in the world, and which is expected to register one of the best growth rates globally in 2021 — India will have a projected 6%, ahead of the global rate of 5.4% — despite being battered by the speed and scale of the coronavirus pandemic in 2020.

The collective development plan of India, with focus on infrastructure, housing, education, and promotion of entrepreneurship, holds a lot of promise for our target segment of borrowers. We cater to the people who have the greatest headroom for growth and our services to them are very far from saturation point. The COVID-19 pandemic, damaging as it has been for wellbeing and wealth, is likely to open up new opportunities and give rise to new financial requirements. If and when the government returns its attention to the 'Make in India' campaign, it will be a fillip for home-grown MSMEs and we shall be present for them.

Our business is built on the basis of trust, fairness, transparency, and best-in-class service for those who cannot always easily access these things, even though they have the ambition and ability to become valued customers of any lender. Not only do we extend credit, but we also help our clients choose the best product and identify the best ways of managing their debt. Through our handholding and guidance, our customers develop a more informed attitude towards borrowing as an instrument of generating more value.

By serving the under-served and unserved, we ensure that the cycle of income and consumption that drives the wheels of the economy, keeps rolling smoothly.

Having conquered the milestone of 100 quarters, we look to reaching many more, guided by our principle of “Excellence through Endeavours”

WHAT MAKES US UNIQUE



Vast expansion potential

Our present customer base is very wide, and the potential to grow is enormous. The number of Indians in need of accessible financial services runs into tens of millions, and we are well positioned to serve them, thanks to our robust retail presence; our partnerships with financial service distributors; and our proven ability to identify trustworthy borrowers in the formal and informal sectors of the urban, semi-urban and rural areas.



Extensive presence and network

Being present in 7 territories across the country, with 3,450 service points, and the promise of doorstep delivery of services, we are there wherever our customers need us to be. Team HFS will reach customers across the hinterlands, through our 135 partner companies and 668 service agents.



Effective Liability Management

As a leading NBFC, we need to borrow the funds for lending at a cost-effective rate. We have achieved this on the strength of our credentials. We always get a good rate on instruments such as Non-Convertible Debentures, Term Loans, Commercial Paper, and Cash Credit. Around 44.26% of our AUM is assigned to banks and financial institutions. Our Tier I and Tier II CRAR is always maintained at the optimal level.



All-encompassing loan products

In these 25 years, we have been steadily expanding the range of our loan offerings, coming up with new products in keeping with the transformation of the economy and the evolving needs of the people. Our product portfolio includes MSME loans, Home Loans, Two-Wheeler Loans, Used Car Loans, and Commercial Vehicle Loans, all of which are vital for our target group of middle- and low-income families and essential for their social mobility and employment prospects.



Steady growth despite external turmoil

We believe in a consistently rising graph rather than sudden growth spikes followed by equally sudden dips. We give credit where it is deserved, following due diligence and a thorough assessment of creditworthiness, and never indulge in a reckless profit chase. This has resulted in a year-on-year increase of Assets under Management despite macro-economic ups and downs. Alongside, our Non-Performing Assets are minimal.

CREATING VALUE FOR COMMUNITIES

Corporate Social Responsibility (CSR) forms an important focus area of our Company to ensure overall well-being and higher quality of life for all. During the year, we undertook initiatives in the areas of Health, Education, Employment, Rural Development and Community Welfare.



Shiksha Abhiyan: Educational Kit



Shiksha Abhiyan: Books & Stationery



Built School Sheds



COVID Relief Food Kit

EVENTS @M&S

We place much importance on collaborations and celebrations to drive higher employee engagement. Snippets of some events celebrated across the organisation:



Celebrating ₹ 5,000 Cr. AUM



Happy Hours



Navratri Celebration



Women's Day

BOARD OF DIRECTORS



Mr. Kamlesh C. Gandhi

Founder, Chairman & Managing Director

He manages the Company with the guidance and support of the Board. He is a proficient and experienced industry practitioner with a brilliant track record. He has over two decades managed and propelled the Company's growth. His understanding and vision is among the key enablers for the consistent performance of the Company.



Mr. Mukesh C. Gandhi

Co-Founder, Whole-Time Director & CFO

He is actively involved in the strategic decisions of the Company. He is a well-known industry expert and a popular public speaker on various issues in Finance. He is an academician and Chairman of Gujarat Finance Company Association and also the Committee Member of Finance Industry Development Council (FIDC).



Mrs. Darshana S. Pandya

Director & CEO

She is responsible for leading the operations at HAAS and also the relationship of the Company with its more than 100 NBFC-MFI & NBFC Partners. She is a commerce graduate who joined the Company in 1996 as a junior executive and through her hard work, immaculate working and determination to excel, accompanied by enabling support from the management, rose to the level of Director & CEO.



Mr. Balabhaskaran N. Nair

Independent Director

He is a management graduate with two decades of experience in the consultancy and financial sector. He has a number of management consultancy inputs from his rich experience. He has done his engineering from IIT-Madras, MBA from IIM-Bangalore and CFA from ICFAI.



Mr. Chetan R. Shah

Independent Director

He holds bachelor's degrees in commerce and law (general) from Gujarat University. He is also a qualified chartered accountant registered with the Institute of Chartered Accountants of India. He has over 34 years of experience in the financial services sector and has in the past worked with the Natpur Co-operative Bank as the Manager – Finance.



Mr. Umesh R. Shah

Independent Director

He is a Chartered Accountant. He has more than three decades of experience in the diverse fields connected with Finance, Accounting, Auditing and Taxation. He also has 5 years hands-on experience of working in an NBFC.



Mrs. Daksha Niranjn Shah

Independent Director

She is a business graduate from Indian Institute of Management (IIM), Ahmedabad, specialising in Finance and Marketing and also a student of Economics and Statistics. She has rich experience of more than three decades in diversified fields of Textile, Chemical and Financial services. She has undergone various courses such as the course in Microfinance at the Economic Institute, Boulder, Colorado, USA.



CORPORATE INFORMATION

CORPORATE IDENTIFICATION NO.

L65910GJ1995PLC026064

REGISTERED OFFICE

6, Ground Floor, Narayan Chambers, Behind Patang Hotel,
Ashram Road, Ahmedabad – 380 009.

LISTED ON STOCK EXCHANGE

National Stock Exchange of India Limited (NSE) &
BSE Limited (Bombay Stock Exchange)

BOARD OF DIRECTORS

Mr. Kamlesh C. Gandhi

(Chairman & Managing Director) (DIN: 00044852)

Mr. Mukesh C. Gandhi

(Whole-Time Director & Chief Financial Officer) (DIN: 00187086)

Mrs. Darshana S. Pandya

(Director & Chief Executive Officer) (DIN: 07610402)

Mr. Balabhaskaran Narayanan Nair

(Non-Executive Independent Director) (DIN: 00393346)

Mr. Chetan Ramniklal Shah

(Non-Executive Independent Director) (DIN: 02213542)

Mr. Umesh Rajanikant Shah

(Non-Executive Independent Director) (DIN: 07685672)

Mrs. Daksha Niranjana Shah

(Non-Executive Independent Director) (DIN: 00376899)

CHIEF FINANCIAL OFFICER

Mr. Mukesh C. Gandhi

Mr. Ankit Jain

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Riddhi Bhaveshbhai Bhayani (Mem. No. A41206)

INVESTOR RELATIONS

Mr. Ankit Jain

STATUTORY AUDITORS

B S R & Co. LLP

Chartered Accountants

Firm's Registration No. 101248W/W-100022

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited

C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai - 400 083, Maharashtra, India

DEBENTURE TRUSTEE

CATALYST TRUSTEESHIP LTD.

GDA House, Plot No. 85 Bhusari Colony,
Paud Road, Pune - 411 038

IDBI Trusteeship Services Limited

Asian Building, Ground Floor 17, R. Kamani Marg,
Ballard Estate, Mumbai - 400 001

LIST OF BANKING RELATIONSHIPS & SUBSCRIBERS TO DEBT ISSUES

ANDHRA BANK

AXIS BANK LIMITED

AU SMALL FINANCE BANK
LIMITED

BAJAJ FINANCE LIMITED

BANK OF BARODA

BANK OF INDIA

BANK OF MAHARASHTRA

BARODA GUJARAT GRAMIN
BANK

CANARA BANK

CENTRAL BANK OF INDIA

HDFC BANK LIMITED

ICICI BANK LIMITED

IDBI BANK LIMITED

IDFC FIRST BANK LIMITED

INDIAN BANK

INDIAN OVERSEAS BANK

KOTAK MAHINDRA BANK
LIMITED

MAHINDRA & MAHINDRA
FINANCIAL SERVICES
LIMITED

ORIENTAL BANK OF
COMMERCE

PUNJAB NATIONAL BANK

SHINHAN BANK

MICRO UNITS
DEVELOPMENT &
REFINANCE AGENCY
LIMITED

THE SOUTH INDIAN BANK
LIMITED

STATE BANK OF INDIA

SUNDARAM FINANCE
LIMITED

SYNDICATE BANK

TAMILNAD MERCANTILE
BANK LIMITED

TATA CAPITAL FINANCIAL
SERVICES LIMITED

THE FEDERAL BANK
LIMITED

RBL BANK LIMITED

UNION BANK OF INDIA

UNITED BANK OF INDIA

AUDIT COMMITTEE MEMBERS

Mr. Balabhaskaran Narayanan Nair (Chairman)

Mr. Chetan Ramniklal Shah (Member)

Mr. Umesh Rajanikant Shah (Member)

STAKEHOLDERS RELATIONSHIP COMMITTEE MEMBERS

Mr. Balabhaskaran Narayanan Nair (Chairman)

Mr. Mukesh C. Gandhi (Member)

Mr. Chetan Ramniklal Shah (Member)

NOMINATION & REMUNERATION COMMITTEE MEMBERS

Mr. Balabhaskaran Narayanan Nair (Chairman)

Mr. Chetan Ramniklal Shah (Member)

Mr. Umesh Rajanikant Shah (Member)

CSR COMMITTEE MEMBERS

Mr. Mukesh C. Gandhi (Chairman)

Mrs. Darshana S. Pandya (Member)

Mr. Balabhaskaran Narayanan Nair (Member)

RISK MANAGEMENT COMMITTEE MEMBERS

Mr. Chetan Ramniklal Shah (Chairman)

Mr. Mukesh C. Gandhi (Member)

Mr. Umesh Rajanikant Shah (Member)

NOTICE

NOTICE is hereby given that the Twenty Fifth (25th) Annual General Meeting (AGM) of the members of HFS Financial Services Limited will be held at 11:30 A.M. on Wednesday the 9th day of December, 2020 through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following:

ORDINARY BUSINESS:

1. To receive, consider and adopt audited Standalone and Consolidated Financial Statements of the Company for the year ended on March 31, 2020 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Mukesh Chimanlal Gandhi (DIN: 00187086), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. Appointment of Mrs. Darshana Pandya (DIN: 07610402) as Whole-time Director of the Company for a period of 5 years.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of the Sections 196, 197, 203, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) in context of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), and the Articles of Association of the Company, and in pursuance to recommendation of Nomination and Remuneration Committee of the Company, Mrs. Darshana Pandya (DIN: 07610402), who has signified her consent in the Form DIR-2, be and is hereby appointed as the Whole-time Director of the Company for a period of Five years w.e.f. July 31, 2019 and whose office is liable to retire by rotation.

RESOLVED FURTHER THAT the aggregate amounts of Managerial Remuneration to be paid to Mrs. Darshana Pandya (DIN: 07610402) individually which shall be within the overall ceiling limit as laid down in Section 197 and other applicable provisions of the Companies Act, 2013 and any amendment thereof.

RESOLVED FURTHER THAT approval of members of the Company be and is hereby given to the Board of Directors of the Company (including Committee thereof) to make

any further revision in the remuneration payable to Mrs. Darshana Pandya during the tenure of her appointment which shall be within the overall ceiling limits as laid down in Section 197 and other applicable provisions of the Companies Act, 2013 and any amendments thereof.

RESOLVED FURTHER THAT the Board of Directors (including a Committee thereof) be and is hereby authorized to do all such things, deeds and matters and acts as may be required to give effect to this resolution."

4. Approval for increasing the Borrowing Powers under Section 180(1)(c) of the Companies Act, 2013 up to ₹ 7,500 crores.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the earlier resolution passed at the 23rd Annual General Meeting of the members of the Company held on 27th June, 2018, the consent of the members be and is hereby accorded under the provisions of Section 180(1)(c) of the Companies Act, 2013, to the Board of Directors to borrow from time to time such sum or sums of money as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from cash credit arrangement, discounting of bills and other temporary loans obtained from company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

Provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of ₹ 7,500 crores (Rupees Seven Thousand Five Hundred Crores only).

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution.

RESOLVED FURTHER THAT the Board may further delegate the power to committee for the above mentioned matter."



5. Approval for creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a) of the Companies Act, 2013:

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the earlier resolution passed at the 23rd Annual General Meeting of the members of the Company held on 27th June, 2018 the consent of the members of the Company be and is hereby accorded pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modifications or amendments thereof) and Rules made thereunder, to create security by way of mortgage, hypothecate, pledge and / or charge, in addition to the mortgage, hypothecate, pledge and/ or charge already created, in such form, manner and ranking and on such terms as the Board deems fit in the interest of the Company, on all or any of the movable and / or immovable properties of the Company (both present and future) and /or any other assets or properties of the Company and / or the whole or part of any of the undertaking of the Company together with or without the power to take over the management of the business or any undertaking of the Company in case of certain events of defaults, in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, debentures (comprising fully/partly Convertible Debentures and/or Secured/Unsecured Non-Convertible Debentures or any other securities) or otherwise, in foreign currency or in Indian rupees, from time to time, up to the limits approved or as may be approved by the shareholders under Section 180(1) (c) of the Act (including any statutory modification or re-enactment thereof) along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other monies payable by the Company including any increase as a result of devaluation/revaluation/fluctuation in the rate of exchange etc.

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize with the Lending Agencies / Trustees, the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to this Resolution."

Regd. Office:

6, Ground Floor, Narayan Chambers,
Behind Patang Hotel, Ashram Road,
Ahmedabad – 380 009.

By order of the Board

Riddhi Bhayani

Company Secretary &
Compliance Officer
(Mem. No. A41206)

Place : Ahmedabad

Date : 11th November, 2020

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. Read with, Registrar of Companies, Gujarat, Dadra & Nagar Haveli, vide its Order No. ROC-GJ/AGM Ext./2020-21/1462 dated 8th September, 2020 granted extension for holding Annual General Meeting (AGM) for the financial year ended 31st March, 2020 up to 31st December, 2020.
2. In terms of Section 152 of the Companies Act, 2013, Mr. Mukesh Gandhi (DIN: 00187086), Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment/appointment at this AGM is annexed.
3. The Explanatory Statement, pursuant to Section 102(2) of the Companies Act, 2013 in respect of the special businesses under item No. 3 to 5 annexed hereto.
4. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, December 3, 2020 to Wednesday, December 9, 2020, (both days inclusive).
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. To support the 'Green Initiative', the Company requests those Members who have not yet registered their e-mail address, to register the same directly with their DP, in case shares are held in electronic form and to the Company, in case shares are held in physical form. Further, members holding shares in electronic form are requested to notify the changes in the above particulars, if any, directly to their Depository Participants (DP).

7. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to ravi@ravics.com with a copy marked to riddhi_bhayani@mas.co.in.
 8. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
 9. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
 10. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
 11. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
 12. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.mas.co.in. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
 13. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
 14. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before Monday, 7th December, 2020 (upto 05:00 P.M.) through email on riddhi_bhayani@mas.co.in. The same will be replied by the Company suitably.
 15. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
- THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:**
- (i) The voting period begins on at 09:00 A.M. on Saturday, December 5, 2020 and ends at 05:00 P.M. on Tuesday, December 8, 2020. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Wednesday, December 2, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.
 - (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iv) Click on "Shareholders" module.
 - (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.



- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN: 201111014 for the ~~MA~~ Financial Services Limited on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHO'S EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

- 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.
- For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to riddhi_bhayani@mas.co.in.
- The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance starting from Saturday, December 5, 2020 (from 09:00 A.M.) to Monday, December 7, 2020 (upto 05:00 P.M.) mentioning their name, demat account number/folio number, email id, mobile number at riddhi_bhayani@mas.co.in. The shareholders who do not wish to speak during the AGM but have queries may send their queries in starting from Saturday, December 5, 2020 to Monday, December 7, 2020 mentioning their name, demat account number/folio number, email id, mobile number at riddhi_bhayani@mas.co.in. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; riddhi_bhayani@mas.co.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

Other Instructions:

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.mas.co.in and on the website of CDSL www.evotingindia.com immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

**ANNEXURE TO THE EXPLANATORY STATEMENT****INFORMATION AS REQUIRED UNDER REGULATION 36(3) SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IN RESPECT OF DIRECTORS BEING REAPPOINTED / APPOINTED:**

Particulars	Retire by Rotation
Name of the Director	Mr. Mukesh C. Gandhi
DIN	00187086
Date of birth	20/10/1957
Age	63 years
Qualification	He holds Bachelor's and Master's degrees in commerce from Gujarat University.
Experience (including expertise in specific functional area) / Brief Resume	He is Co-founder, Whole time director & CFO of the company. He has over 24 years of experience in the financial services sector, with our Company. He is actively involved in the strategic decisions of the company. He is well-known industry expert and a popular public speaker on various issues in Finance. He is an academician and Chairman of Gujarat Finance Company Association & also the committee Member of Finance Industry Development Council (FIDC).
Nature of his expertise in specific functional areas	Management & Finance
Terms and Conditions of Re-appointment	N.A.
Remuneration last drawn	₹ 844.98 Lakh (F.Y. 2019-20)
Remuneration proposed to be paid	As per existing terms and conditions
Date of first appointment on the Board	25 th May, 1995
Shareholding in the company	1,61,55,814 (29.56%) Equity Shares as on March 31, 2020.
Relationship with other Directors/Manager and other Key Managerial Personnel of the company	Elder brother of Mr. Kamlesh Gandhi, Chairman & Managing Director of the Company.
Number of Meetings of the Board attended during the year 2019-20	5
Names of listed entities in which the person also holds the Directorships	1 (i.e. ~~MASS~~ Financial Services Limited)
Names of listed entities in which the person also holds Membership of Committees of Board.*	Stakeholders Relationship Committee – Member in ~~MASS~~ Financial Services Limited.

Particulars	Appointment
Name of the Director	Mrs. Darshana Saumil Pandya
DIN	07610402
Date of birth	17/11/1972
Age	48 years
Qualification	She holds Bachelor's degrees in Commerce from Gujarat University.
Experience (including expertise in specific functional area) / Brief Resume	She has over 24 years of experience in the financial service sector. She is responsible for leading the operations at ~~MASS~~ and also the relationship of the company with its more than 90 NBFC-MFI & NBFC Partners. She is a commerce graduate who joined the company in 1996 as a junior executive and through her hard work, immaculate working and determination to excel, accompanied by enabling support from the management; rose to the level of Director of the Company in 2016.
Nature of her expertise in specific functional areas	Finance & Management – Operations
Terms and Conditions of Appointment	Mrs. Darshana Pandya is appointed as Whole Time Director in the meeting of the Board of Directors held on 31 st July, 2019 for a period of 5 years subject to approval of the members of the Company in the ensuing General Meeting of the Company.
Remuneration last drawn	₹ 32.68 Lakhs (F.Y. 2019-20)
Remuneration proposed to be paid	As per the resolution passed by the Board of Directors at the Meeting held on 31 st July, 2019 subject to approval of shareholders.
Date of first appointment on the Board	23 rd September, 2016
Shareholding in the company	15,434 (0.0282%) Equity Shares as on March 31, 2020
Relationship with other Directors/Manager and other Key Managerial Personnel of the company	NIL
Number of Meetings of the Board attended during the year 2019-20	5
Names of listed entities in which the person also holds the Directorships.	1 (i.e. ~~MASS~~ Financial Services Limited)
Names of listed entities in which the person also holds Membership of Committees of Board.*	NIL

*Committee includes Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee across all Listed Companies including this company.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts.

As required under Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 3 to 5 of the Notice.

Item No.: 3 Appointment of Mrs. Darshana Pandya as the Whole time Director.

Mrs. Darshana Pandya (DIN: 07610402), aged 48 years, is Director of our Company. She was appointed as Whole Time Director of the Company by the Board of Directors at its meeting held on 31st July, 2019, subject to the approval of shareholders in the ensuing General Meeting. She holds Bachelor's degrees in Commerce from Gujarat University. She has over 24 years of experience in the financial service sector. She is responsible for leading the operations at HAS Financial Services Limited and also the relationship of the company with its more than 90 NBFC-MFI & NBFC Partners. She is a commerce graduate who joined the company in 1996 as a junior executive and through her hard work, immaculate working and determination to excel, accompanied by enabling support from the management; rose to the level of Director of the Company in 2016.

She has been associated with our Company as an Executive Director since 23rd September, 2016.

As per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective meetings held on 30th July, 2019 and 31st July, 2019, subject to approval of Members at the ensuing General Meeting, Mrs. Darshana Pandya (DIN: 07610402) is appointed as Whole Time Director of the Company for a period of 5 years, with effect from 31st July, 2019 on the terms and conditions as set out in this item of the Notice and as per agreement executed between Mrs. Darshana Pandya (DIN: 07610402) and the Company and whose office shall be liable to retire by rotation.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

Except Mrs. Darshana Pandya (DIN: 07610402) is deemed to be interested in this resolution. None of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives is in any way concerned or interested in the proposed resolution.

The Board recommends the resolutions set forth in the Item No. 3 of the Notice for approval of the Members.

Item No.: 4 & 5

In terms of the provisions of Section 180 (1) (a) and 180 (1) (c) of the Companies Act, 2013 read with applicable rules framed thereunder, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, dispose of its property (including creation of charge on assets of the Company) and borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves (reserves not set apart for any specific purpose). At the Annual General Meeting of the Company held on 27th June, 2018, the shareholders had accorded consent to the Board of Directors for borrowing any sum or sums of money outstanding at any point of time, not exceeding the sum of ₹ 5,000 Crores (Rupees Five Thousand Crores only). At the same Annual General Meeting of the Company, the shareholders had accorded consent to the Board of Directors for creation of charges etc. to secure aforesaid borrowings. Considering the Company's future growth plans and requirements of additional funds for operation, modernization, it is proposed to increase the above borrowing limits from the existing ₹ 5,000 crores to an amount not exceeding at any time a limit of ₹ 7,500 crores (Rupees Seven Thousand Five Hundred Crores only). The proposed borrowings by the Company, if required, is to be secured by mortgage or charge on all or any of the movable or immovable or any other tangible and intangible assets / properties of the Company (both present & future), in favour of any lender including the financial institutions / banks / debenture trustees etc. in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s). The mortgage and / or charge on any of the movable and / or immovable or any other tangible and intangible assets / properties and / or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company with a power to the charge holders to take over the management of the business of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013.

The resolutions contained in item no. 4 & 5 of the accompanying Notice, accordingly, seek members' approval for increasing the borrowing limits and disposal of the Company's undertaking(s) by creation of mortgage / charge etc. thereon and for authorizing the Board of Directors (including a Committee thereof authorized for the purpose) of the Company to complete all the formalities in connection with the increase in the borrowing limits and creating charge on Company's properties, respectively.

None of the Directors or key managerial personnel of the Company or their relatives is / are, in any way concerned or interested in the proposed resolutions.

The Board recommends the resolutions set forth in the Item Nos. 4 & 5 of the Notice for approval of the Members.

Regd. Office:

6, Ground Floor, Narayan Chambers,
Behind Patang Hotel, Ashram Road,
Ahmedabad – 380 009.

By order of the Board

Place : Ahmedabad
Date : 11th November, 2020

Riddhi Bhayani
Company Secretary & Compliance Officer
(Mem. No. A41206)

Contact Details:

Company	MAS Financial Services Limited 6, Narayan Chambers, Ground Floor, Behind Patang Hotel, Ashram Road, Ahmedabad – 380 009. CIN: L65910GJ1995PLC026064
Company Secretary & Compliance Officer	Ms. Riddhi Bhaveshbhai Bhayani Email Id: riddhi_bhayani@mas.co.in
Registrar and Transfer	Link Intime India Private Limited C-101, 1 st 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,
HFS FINANCIAL SERVICES LIMITED
Ahmedabad

Your Directors are pleased to present the 25th ANNUAL REPORT of your Company together with the Audited Accounts drawn for the year ended on March 31, 2020.

The summarised financial results of the Company are presented hereunder:

FINANCIAL RESULTS:

Particulars	(Amount in ₹ Lakhs)			
	Standalone		Consolidated	
	Year Ended on 31 st March, 2020	Year Ended on 31 st March, 2019	Year Ended on 31 st March, 2020	Year Ended on 31 st March, 2019
Revenue from Operations	68,239.78	57,233.34	72,205.89	60,457.65
Other Income	71.75	24.68	35.91	12.01
Total Income	68,311.53	57,258.02	72,241.80	60,469.66
Total Expenditure	44,863.77	33,865.07	48,381.61	36,668.85
Profit Before Tax	23,447.76	23,392.95	23,860.19	23,800.81
Provision for Taxation (Including Current tax, Deferred Tax & Income Tax of earlier Years)	5,626.45	8,181.44	5,734.05	8,340.16
Net Profit	17,821.31	15,211.51	18,126.14	15,460.65
Profit Brought Forward	27,309.10	17,557.38	27,578.60	17,755.10
Net Profit after profit attributable to minority shareholders	-	-	17,995.76	15,353.69
Effect of changes in Group's interest	-	-	-	13.15
Item of other comprehensive income recognised directly in retained earnings - on defined benefit plan	(22.21)	(9.51)	(24.06)	(8.19)
Transition impact of Ind-AS 116	(10.31)	-	(12.45)	-
Profit Available for Appropriation	45,097.89	32,759.38	45,537.85	33,113.75
APPROPRIATIONS:				
Transfer to reserve u/s 45-IC of RBI Act, 1934	3,564.26	3,042.30	3,564.26	3,042.30
Transfer to reserve u/s 29-C of NHB Act, 1987	-	-	53.04	61.28
Final Dividend on equity shares	1,967.83	1,180.70	1,967.83	1,180.70
Interim Dividend on Equity Shares	4,372.96	819.93	4,372.96	819.93
Final Dividend on Preference shares	-	-	-	19.09
Dividend distribution tax on Equity Shares	1,307.26	407.35	1,308.56	407.91
Dividend distribution tax on Preference Shares	-	-	-	3.95
Surplus Balance carried to Balance Sheet	33,885.58	27,309.10	34,271.20	27,578.60

COVID-19

The SARS-Cov-2 virus responsible for COVID-19 continues to spread across the globe and India. It has contributed to a significant decline and volatility in global and Indian Financial Markets and a significant decrease in the economic activities. On March 11, 2020, the COVID-19 outbreak was declared as a global pandemic by the World Health Organization. On March 24, 2020, the Indian Government had announced a strict 21-days lockdown which kept on getting extended across the country with gradual and modest relaxations.

The operations of the Company were shut down as per the lockdown directives of Government. As of March 31, 2020 work from home was enabled to close to 95% of the employees; offices have been closed or have had access significantly restricted, in accordance with local regulations

and guidance. The basic operations of the company were swiftly redesigned to operate from the remote locations and a high degree of efficiency was achieved due to the support of the IT team. As we assess the changing needs of our business, we will do whatever is necessary to support the system and safeguard the future of our company. The Company formally placed on record a brief con-call update, in the aftermath of COVID-19 outbreak to our various stakeholders about measures taken to maintain business services and reporting of status. Further, in compliance with the various directives of the Government, operations of the Company have been resumed in the permitted manner. The operations at the office are currently working in a full capacity by maintaining social distancing. Many employees who belong from containment zone have been allowed the facility to work from home where their job duty permits it,



until further notice by the management. In our efforts for the health and well-being of employees, steps have been taken to ensure efficient workplace; have moved meetings and trainings to virtual formats.

Further the Company has not laid off a single employee due to the pandemic and has no plans to lay off anyone because of the impacts of Covid-19. Also the Company has paid full salaries to employees during the lockdown period. For the Company, the focus immediately shifted to ensuring the health, safety and well-being of all employees & stakeholders, and on minimizing disruption to business operations of the Company.

We are more resilient and determined than ever before to face this unprecedented challenge that we have witnessed never before. The main plank during the pandemic was to closely engage with our borrowers and understand and educate them on the various aspects of not only the loan taken from us but also on their overall financial planning. This resulted in to a very positive response from almost all the borrowers and we are thankful to them for demonstrating a very high level of financial discipline. The Company on its part extended moratorium during the period of lockdown to all the eligible borrowers.

The human resource of the company stood up to this challenge and ensured continuity irrespective of their location of work which was ably supported by the technology and the software team. In consistence to the belief of the Company team **MASS** demonstrated high level of capabilities and grit in facing this challenge.

The financial implications of this pandemic will unfold over the next few quarters which is endeavored to be mitigated through prudent Covid-19 provisioning to the extent of 0.61% of our on book assets as of March, 2020. All our efforts will be made to engage with the borrowers and monitor each and every account closely to maintain the quality of the assets which has been the hallmark of our working over these years.

The high capitalization levels and an immaculate track record have kept the Company in good stead in maintaining comfortable liquidity position and also healthy ALM.

BUSINESS PERFORMANCE:

In the year 2019-20 the Company has registered a robust growth of 11.76% on YoY basis. Asset under Management is ₹ 5966.28 Crore (Previous year ₹ 5,338.37 Crore).

The gross income realized by the Company is ₹ 683.12 crore (Previous year ₹ 572.58 crore) comprising of income from operations and other income. Net Profit after tax is ₹ 178.21 crore (Previous year ₹ 152.11 crore), registering a robust growth of 17.16% over the previous year. The Earning per share is ₹ 32.60 (Previous years ₹ 27.83)

The above mentioned performance was amidst very strong headwinds created due to certain events which had a contagion effect on the entire sector. It is worth mentioning that due to focusing on fundamentals, which has been the main plank over these two decades; enabled the company not only to navigate through this situation but achieved a higher than the targeted growth.

PROSPECTS AND DEVELOPMENTS:

There is a very huge market to be served, which needs an efficient last mile delivery of credit, thus creating enormous opportunity for all the financial institutions and NBFCs in special.

The Company continues to pursue the strategy of being multi product and multi locational, thus giving the distinct edge from the risk management and scalability perspective. The focus across the product is of catering to the lower and the middle income segment, which is the key driver of our economy.

SMALL AND MEDIUM ENTERPRISE LOAN:

Introduction of machinery and working capital loans to the SME continues to show lot of promise as expected. We are in the process of understanding the segment and are keen to add value to all such small and medium enterprises by extending the most efficient financial services.

In consonance to our policy of building up quality assets, we are confident of creating quality assets in this segment too. The focus remains on states of operation namely Gujarat and Maharashtra and as planned we have expanded our reach to Madhya Pradesh and Rajasthan from this year.

TWO WHEELER AND COMMERCIAL VEHICLE FINANCING:

This sector also during the year witnessed a low growth. We continue to focus on Two wheeler and Commercial Vehicle financing and we adopt such business models which generates required return on assets and the quality portfolio. While the company is keen to increase this portfolio, the endeavor will be to balance between yields, asset quality and growth. We are confident that as we spread to newer geographies within our distribution network, we will be achieving the desired objective.

HOUSING FINANCE:

MRHMFL (**MASS** Rural Housing & Mortgage Finance Ltd. – subsidiary of MFSL) aims at serving the middle income and the lower income sector of the economy, especially in the semi urban and rural areas, which are reckoned to be the key drivers of the sector in the coming decades. Full-fledged efforts are on to execute efficiently, as per the detail planning. Being aware of the challenges involved in serving this class of the society, a very cautious approach is adopted in building up volumes. Nevertheless, Company is quite confident of building substantial volumes in the near future. The Company's rural initiative will also start yielding results shortly.

The Company has 69 branches Pan India as on March 31, 2020. It is worth mentioning that despite of credit worthy customer class, ascertaining the title of the property remains a challenging job. The Company is actively involved with all the stakeholders to smoothen the process and is assertive in getting the right set of documents.

We continue to endeavour relentlessly and are confident of creating a quality portfolio and add value to the ecosystem we work in.

DISTRIBUTION NETWORK:

In continuation of our last year's efforts the process of expanding its operations in the various region of Rajasthan, Maharashtra, Madhya Pradesh, Tamil Nadu, Karnataka besides Gujarat is in progress. During the year Company has started operations in Lunawada, Bodeli, Rajula, Kodinar, Siddhpur, Satlasana, Visnagar, Limbdi, Keshod, Mandvi, Jhalod, Mundra, Deesa, Bavla, Viramgam, Kheda, Jasdan, Dhanera, Kathlal, Kamrej and Tharad in Gujarat, Ujjain and Shivpuri in Madhya Pradesh, Sangamner and Bhandara in Maharashtra and added one more branch each in Jaipur and Jodhpur cities of Rajasthan.

PARTNERING WITH REGIONAL NBFCs AND NBFC-MFIs:

Over the period of last 10 years of our working with this sector, our belief is further strengthened, that financial inclusion in a country like India is a function of efficient last mile delivery of credit, for which a very robust value chain has to be nurtured and developed. NBFCs in special play a pivotal role in this value chain. This business model withstood its credibility and our expectations even during the most trying period during the last year.

Partnering with regional NBFCs and NBFC-MFIs for distribution of various products and providing them the line of credit also remains one of the major business plans. We firmly believe that the players having proximity to the region are the most potential organization in the last mile delivery of credit. We not only fund them but also share with them the domain expertise, which the company possesses through its vintage of more than two decades. We continue to get encouraging response from our entire partner NBFCs and are keen to leverage the relationships for mutual benefits. Currently we have very strong relationships with more than 100 such organizations.

RESOURCES:

HUMAN RESOURCE MANAGEMENT AT HAS:

Human Resource Management plays a very important role in realizing the Company's objective. The Company is managed by the active involvement of the promoters along with strategic inputs from a well-diversified and competent board.

In an environment that is rapidly becoming technology and digital oriented, your Company continues to invest in long term people development, for organizational excellence.

Constant endeavours are being made to offer professional growth opportunities and recognitions, apart from imparting training to employees. Training is an integral part of the skill development program initiated for the employees.

The articulation and implementation of the strategies is carried on by the core team along with Team HAS. Core team at HAS is a group of dedicated and competent team of personnel, associated with the company almost since its inception and have always extended unstinting support besides, having identified and aligned their career objective with the company.

The Company has a diverse workforce of 887 employees as on 31st March, 2020. Going forward, the Company will continue to focus on nurturing the right talent to achieve the business goal.

Attracting, enabling, promoting and retaining talent have been the keystone of Human Resource functions at HAS. We trust with all the above qualities accompanied by the determination to excel, this team forms a formidable second line of management at HAS.

Your Company will always strive to strengthen this most important resource in its quest to have enabling human capital.

CAPITAL AND LIABILITY MANAGEMENT:

After getting its securities listed, this year was the humbling experience and the respect accorded to the Company by the investors across all the categories to say the least. The Company in tandem with its philosophy of pursuing the mission of "Excellence through Endeavours" will strive to maximize the shareholders' value.

The Company continues to pursue an efficient capital management policy, which aims at maximizing the return on capital employed and at the same time adhering to the prudential guidelines laid down by RBI from time to time.

The Company by virtue of its performance over the years enjoys very good relationship with many leading banks and financial institutions. The Company could raise the required resources from various banks and financial institutions comfortably. We anticipate the same response from all our lending partners for the coming years too. The Company anticipates credit lines from few more banks and financial institutions besides the existing ones.

During the year passed by when the whole sector was looked upon as a risky preposition the Company could not only manage to raise the required resources but also obtained credit lines for the coming year.

Your Company continues to command the respect and the confidence of Bankers as their extended channel in their task of providing efficient delivery of credit. The company acknowledges the constructive support of the Investors and consortium member banks.

**CAPITAL ADEQUACY RATIO**

As on March 31, 2020, the Company's Capital Adequacy Ratio (CAR), stood at 31.97% of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off balance sheet items, which is well above the regulatory minimum of 15%, providing much needed headroom for fund raising for business operations of the Company.

EXTRACT OF ANNUAL RETURN AS PER SECTION 92 (3) OF COMPANIES ACT 2013:

As required under Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in MGT-9 is annexed as part of this report, vide "Annexure-A". The weblink for the same is www.mas.co.in.

BOARD MEETINGS HELD DURING THE YEAR:

The Company held Five Board Meetings during the financial year under review.

Sr. No.	Date on which Board Meetings were held	Total Strength of the Board	No. of Directors Present
1	08.05.2019	7	7
2	31.07.2019	7	7
3	06.11.2019	7	7
4	05.02.2020	7	7
5	19.02.2020	7	7

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of its knowledge and ability would like to state that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- 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;
- 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;
- they had prepared annual accounts on a going concern basis;
- they had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively;
- they had devised proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES:

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished as attached to this report. "Annexure – B". The weblink for the same is www.mas.co.in.

AUDITORS:

At the 23rd Annual General Meeting held on June 27, 2018, the members had appointed M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), Ahmedabad as Statutory Auditors for a term of five years beginning from the conclusion of the 23rd AGM till the conclusion of the 28th Annual General Meeting.

In the Board Meeting held on May 8, 2019 M/s. Ravi Kapoor & Associates, Practising Company Secretaries were appointed as Secretarial Auditor of the Company for the financial year 2019-20.

SECRETARIAL AUDIT REPORT:

Pursuant to Section 204 of the Companies Act, 2013, and in pursuant to Reg. 24A of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) (Amendments) Regulations, 2018 the unqualified Secretarial Audit Report for the Financial Year ended 31st March, 2020 given by Ravi Kapoor & Associates, Practising Company Secretaries is annexed to this Report as an "Annexure – C".

EXPLANATIONS OR COMMENTS BY BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE:

- By the auditor in his report;**
There is no qualification, reservation or adverse remark or disclaimer in audit report issued by the auditors of the Company.
- By the company secretary in practice in his secretarial audit report;**
There is no qualification, reservation or adverse remark or disclaimer in audit report issued by the auditors of the Company.

FRAUDS REPORTED BY THE AUDITOR

During the Year under review, no frauds were reported by the Auditor (Statutory Auditor, Secretarial Auditor) to the Audit Committee/ Board.

A STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149:

The Company has received declarations from Mr. Bala Bhaskaran, Mr. Chetan Shah, Mr. Umesh Shah and Mrs. Daksha Shah, Independent Directors of the Company that

they meet with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Companies Act, 2013 alongwith in compliance in Rule 6 (1) and (3) of Companies (Appointment and Qualifications of Directors) Rules, 2014 as amended from time to time and Reg. 25 (8) & (9) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, paid to them for the purpose of attending meetings of the Board / Committee of the Company.

MATTERS AS PRESCRIBED UNDER SUB-SECTIONS (1) AND (3) OF SECTION 178 OF THE COMPANIES ACT, 2013:

The Company constituted its Nomination Committee on 23rd December, 2010 and the nomenclature of the Nomination committee was changed to "Nomination and Remuneration Committee" on 20th March, 2015 pursuant to Section 178 of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, by way of resolution passed in accordance with, provisions of the Companies Act, 2013. The Nomination & Remuneration Committee consists of three Independent Directors. The powers and function of the Nomination and Remuneration Committee is stated in the Nomination and Remuneration Committee Charter of MAS Financial Services Limited. The copy of Nomination and Remuneration policy is available at the Website of the Company i.e. <https://www.mas.co.in/policy.aspx>

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

Since the Company is Non-Banking Financial Company registered with the RBI, the disclosures pertaining to Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are not applicable.

During the financial year, the Company has approved the investment in 6% 100,00,000 Non-Cumulative Optionally Convertible Preference Shares ("OCPS") of ₹ 10/- each at par aggregating to ₹ 10,00,00,000/- (Rupees Ten Crores Only) in MAS Rural Housing & Mortgage Finance Limited pursuant to approval accorded by Finance Committee at its meeting held on Thursday, August 29, 2019 and further has decided to invest funds upto ₹ 6,00,00,000 (Rupees Six Crores Only) in MAS Rural Housing & Mortgage Finance Limited pursuant to approval accorded by Finance Committee at its meeting held on Wednesday, August 28, 2019.

PARTICULARS CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188:

All Contracts / Arrangements / Transactions entered by the Company during the financial year with related parties were in ordinary course of business and on arm's length basis.

Particulars of such related party transactions described in Form AOC-2 as required under Section 134 (3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, which is annexed herewith as **"Annexure - D"**.

The board has approved a policy for related party transactions which has been hosted on the web site of the Company. The web-link for the same is <https://www.mas.co.in/policy.aspx>. The related party transactions, wherever necessary are carried out by company as per this policy. There were no materially significant related party transactions entered into by the company during the year, which may have potential conflict with the interest of the company at large. There were no pecuniary relationship or transactions entered into by any Independent Directors with the company during the year under review.

AMOUNT, IF ANY, WHICH THE BOARD PROPOSES TO CARRY TO ANY RESERVES:

During the year under review ₹ 35.64 crore transferred to statutory reserve under Section 45 IC of RBI Act, 1934.

DIVIDEND:

The Company paid Final Dividend of ₹ 3.60/- (Rupees Three and Sixty Paise Only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (36%) aggregating to ₹ 19,67,83,354.80/- (Rupees Nineteen Crore Sixty Seven Lakh Eighty Three Thousand Three Hundred Fifty Four and Eighty Paise only) for the F.Y. 2018-19. The same was recommended by Board of Directors in their meeting held on May 08, 2019 which was subsequently approved by members in the 24th Annual General Meeting held on 26th June, 2019. The said dividend was paid on 3rd July, 2019. An amount of ₹ 4,04,49,397/- was paid as dividend distribution tax on the dividend.

During the year under review, the Company had paid an interim dividend of ₹ 2/- (Rupees Two only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (20%) aggregating to ₹ 10,93,24,086/- (Rupees Ten Crore Ninety Three Lakh Twenty Four Thousand Eighty Six only). The same was declared by Board of Directors in their meeting held on November 06, 2019. The said dividend was paid on 26th November, 2019. An amount of ₹ 2,24,71,883/- was paid as dividend distribution tax on the dividend.

Further during the year under review, the Company had paid second interim dividend of ₹ 6/- (Rupees Six only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (60%) aggregating to ₹ 32,79,72,258/- (Rupees Thirty Two Crore Seventy Nine Lakh Seventy Two Thousand Two Hundred and Fifty Eight only). The same was declared by Board of Directors in their meeting held on February 02, 2020. The said dividend was paid on 6th March, 2020. An amount of ₹ 6,74,15,662/- was paid as dividend distribution tax on the dividend.

Cumulatively, the Board of Directors of your company has declared / recommended a total Dividend of ₹ 8 per equity shares of ₹ 10 each (@ 80 %) for the year under review.



The dividend declared is in accordance with the criteria as set out in the Dividend Distribution Policy which has been approved by the board of directors. Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the policy is provided as “Annexure E” to this Report. The weblink for the same is <https://www.mas.co.in/policy.aspx>.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY:

There have been no material changes and commitments that would affect financial position of the Company from the end of the financial year of the Company to which the financial statements relate and the date of the directors report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Conservation of Energy and Technology Absorption:

Since the Company is operating in service sector, the provisions of Section 134(3)(m) of the Companies Act, 2013 regarding conservation of energy and Technology Absorption are not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has no Foreign Exchange earnings and outgo.

RISK MANAGEMENT

Financing activity is the business of management of risks, which in turn is the function of the appropriate credit models and the robust systems and operations. Your Company continues to focus on the above two maxims, and is always eager to improve upon the same.

Your Company continues to give prime importance to the function of receivables management, as it considers this the ultimate reflection of the correctness of marketing strategy as well as appraisal techniques. The Net NPA of the Company is 1.10% of Asset under Management.

Pursuant to Regulation 21(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the regulations of Risk management committee is applicable to top 500 listed entities determined on the basis of market capitalization, as at the end of the immediate previous financial year. The Board of Directors has thus adopted a risk management policy for the Company which provides identification, assessment and control of risks which in the opinion of the Board may threaten the existence of the Company. The Management identifies and controls risks through a properly defined framework in terms of the aforesaid policy. The web-link for the same is www.mas.co.in.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company has always responded in a responsible manner to the growing needs of the communities in which it operates. During the year, your Company has, in consonance

with the CSR policy of the Company, undertaken a number of initiatives that contribute to society at large, in the areas of health, and education.

As a part of CSR initiative, the Company has identified many bright students from more than 20 Schools who have completed their Standard 8 and wish to pursue their higher studies but are financially challenged and cannot afford basic requirements. The Company has sponsored their fees, school bags, stationeries, for undergoing higher studies and uniform. Your company believes that education is one of the most important investments which can create positive impact on society. Also, the Company has started constructing roof and shed to provide basic infrastructure to children in schools.

The Company has identified places where people were not getting fresh drinking water. In order to develop rural area and promoting health and sanitation Company installed RO Plant in Badalpur School. Further your Company has contributed for the welfare and treatment of cancer patients at Gujarat Cancer Society, Ahmedabad.

It is Company's continuous endeavor to increase its CSR impact and spend over the coming years, supplemented by its continued focus towards rural development, promoting health and sanitation.

The Company is trying to explore more students to ensure that benefits reaches directly to the needed students and the process is likely to take some more time to enable the Company to spend the entire required amount to be spend for CSR as per the provisions of Companies Act, 2013.

The board has approved a CSR policy which has been hosted on the web site of the Company. The web-link for the same is <https://www.mas.co.in/policy.aspx>.

The CSR Report pursuant to Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, is annexed as “Annexure - F” to this Report.

FORMAL EVALUATION OF THE PERFORMANCE OF THE BOARD, COMMITTEES OF THE BOARD AND INDIVIDUAL DIRECTORS:

Pursuant to the provisions of 134(3)(p) the Companies Act, 2013 the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

In pursuant to Regulation 17(10) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the evaluation of

independent directors were done by the entire board of directors which includes –

- (a) Performance of the directors; and
- (b) Fulfillment of the independence criteria as specified in the regulations and their independence from the management.

Criteria adopted for evaluation:

The Board shall evaluate the roles, functions, duties of Independent Directors (ID's) of the Company. Each ID shall be evaluated by all other directors' not by the Director being evaluated. The board shall also review the manner in which ID's follow guidelines of professional conduct. Further, in a separate meeting of Independent Directors, performance of non-independent directors, the Board as whole and the Chairman of the Company was evaluated.

- (i) Performance review of all the Non-Independent Directors of the company on the basis of the activities undertaken by them, expectation of board and level of participation;
- (ii) Performance review of the Chairman of the Company in terms of level of competence of chairman in steering the company;
- (iii) The review and assessment of the flow of information by the Company to the board and manner in which the deliberations take place, the manner of placing the agenda and the contents therein;
- (iv) The review of the performance of the directors individually, its own performance as well as evaluation of working of its committees shall be carried out by the board;
- (v) On the basis of performance evaluation, it shall be determined by the Nomination and Remuneration Committee and the Board whether to extend or continue the term of appointment of ID subject to all other applicable compliances.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

The Company has only one subsidiary company i.e. **HAS** Rural Housing and Mortgage Finance Limited. Pursuant to the provision of Section 129(3) of the Companies Act, 2013, the performance and financial position of Subsidiaries, Associates and Joint Venture companies are described in Form AOC-1 which is annexed herewith as **"Annexure - G"**. Further the Company does not have any Joint Venture or Associate Company.

PARTICULARS OF EMPLOYEES:

The information required under section on 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are mentioned as per **"Annexure - H"**.

THE CHANGE IN NATURE OF BUSINESS:

The Company continues to carry out the same activities and during the period under review there is no change in the nature of business.

PUBLIC DEPOSITS:

The Company is Non - deposit taking Non-Banking Financial Company registered with Reserve Bank of India and is prohibited from accepting public deposits and therefore the Company has not accepted any deposits from public during the year under review and there was no deposit outstanding as on March 31, 2020.

CAPITAL STRUCTURE:

During the year under review there was no change in the capital structure of the Company.

DEBENTURES:

During the year under review there was no change in the following two Non-Convertible Debentures of the Company.

- 200 Rated, Listed, Unsecured Redeemable Non-convertible Debentures ("NCDs") of face value of ₹10,00,000/- (Rupees Ten Lakh Only) each aggregating to ₹ 20,00,00,000/- (Rupees Twenty Crores) bearing ISIN INE348L08025 at the rate of 13.50% p.a. &
- 400 Rated, Listed, Unsecured Redeemable Non-convertible Debentures ("NCDs") of face value of ₹ 10,00,000/- (Rupees Ten Lakhs Only) each aggregating to ₹ 40,00,00,000/- (Rupees Forty Crore) bearing ISIN INE348L08033 at the rate of 13% p.a

The Company in its Board Meeting held on June 16, 2020 further approved the borrowing of funds by way of issuance of Secured, Rated, Listed, Redeemable, Non-Convertible, taxable debentures up to an aggregate amount of Rs. 500 Crores, in one or more tranches through Private placement. Accordingly the following NCDs were issued till the date of this report:

- 1000 Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-convertible Debentures ("NCDs") of face value of Rs.10,00,000/- (Rupees Ten Lakhs Only) each aggregating to Rs. 100,00,00,000/- (Rupees One Hundred Crores) bearing ISIN INE348L07043 at the rate of 9.00% p.a.
- 500 Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-convertible Debentures ("NCDs") of face value of Rs.10,00,000/- (Rupees Ten Lakhs Only) each aggregating to Rs. 50,00,00,000/- (Rupees Fifty Crores) bearing ISIN INE348L07050 at the rate of 9.00% p.a.
- 1000 Rated, Senior, Redeemable, Taxable, Transferable, Listed, Non-convertible Debentures ("NCDs") of face value of Rs.10,00,000/- (Rupees Ten Lakhs Only) each aggregating to Rs. 100,00,00,000/- (Rupees One Hundred Crores) bearing ISIN INE348L07068 at the rate of 9.00% p.a.

**STATUTORY COMPLIANCE:**

The Company has provided for impairment of loans and advances as per IND AS 109 prescribed under section 133 of the Companies Act, 2013. The Company has also complied with the directions issued by RBI regarding Capital Adequacy norms.

COMPLIANCE WITH SECRETARIAL STANDARDS:

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

MATERIAL ORDER PASSED BY REGULATORS / COURTS / TRIBUNALS:

There was no material order passed by Regulators / Courts / Tribunals during the year under review impacting the going concern status and company's operations in future.

ADEQUACY OF INTERNAL FINANCIAL CONTROL:

The Companies Act, 2013 read with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 re-emphasizes the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively. The Company has devised proper system of internal financial control which is commensurate with size and nature of business. Even, the Board has appointed M/s. Arijeet Gandhi & Associates, Chartered Accountants as an Internal Auditor of the Company pursuant to provisions of Section 138 of the Companies Act, 2013 in order to ensure proper internal financial control.

INSURANCE:

The assets of your Company have been adequately insured. Further, company has taken D&O Insurance for Directors & KMP.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

Pursuant to the provisions of Section 152 (6) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) Mr. Mukesh Gandhi, (DIN: 00187086) Whole time Director & CFO of the Company is liable to retire by rotation at the ensuing AGM and being eligible offers himself for reappointment.

The Board of Directors in its meeting held June 02, 2020, on the recommendations of the Nomination and Remuneration Committee (NRC), further recommends to the members of the Company for re-appointment of Mr. Mukesh Gandhi, (DIN: 00187086), as Director.

During the year, the Board of Directors in its meeting held on July 31, 2019, on the recommendations of the NRC, had appointed Mrs. Darshana Pandya (Din: 07610402) as the Whole time Director of the Company with effect from July 31,

2019 for a period of five years subject to the approval of the members in the ensuing general meeting.

Necessary resolutions for the appointment of the aforesaid directors and their detailed profiles have been included in the notice convening the 25th AGM and details of the proposal for appointment are mentioned in the explanatory statement of the notice.

Your directors commend their appointment.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of section 164 & 165 of the Companies Act, 2013.

During the year under review, following Directors were appointed / reappointed at the 24th Annual General Meeting (AGM) held on 26th June, 2019:

1. Appointment of Mrs. Daksha Shah (DIN: 00376899) as Woman Independent Director of the Company for a term of 1 year w.e.f. 14th March, 2019.
2. Re-appointment Mr. Kamlesh C. Gandhi (DIN: 00044852) as the Managing Director of the Company for a term of 5 years w.e.f. 1st April, 2019.
3. Re-appointment Mr. Mukesh C. Gandhi (DIN: 00187086) as the Whole-time Director of the Company for a term of 5 years w.e.f. 1st April, 2019.
4. Re-appointment of Mr. Balabhaskaran (DIN: 00393346) as Independent Director of the Company for a term of 5 years w.e.f. 1st April, 2019.
5. Re-appointment of Mr. Chetan Shah (DIN: 02213542) as Independent Director of the Company for a term of 5 years w.e.f. 1st April, 2019.

Further, during the year under review, the Board of Directors of the Company appointed Key Managerial Personnels pursuant to Section 203 of Companies, 2013 at its meeting held on 6th November, 2019, and appointed Mrs. Darshana S. Pandya as Chief Executive Officer of the Company, as being promoted to Director & CEO and appointed Mr. Ankit Jain as Chief Financial Officer of the Company, being promoted from Vice President – Finance to Chief Financial Officer of the Company.

Also, during the year under review the Nomination and Remuneration Committee at its meeting held on 5th February, 2020, recommended re-appointment of Mrs. Daksha Shah (DIN: 00376899) to the Board of Directors of the Company taking into consideration various factors including number of board, and general meetings attended by the Independent Director; summary of performance evaluation; her physical fitness & mental alertness; knowledge & experience in her fields; her participation in the Board deliberations; her specialised skills and expertise and her independent judgment in the opinion of the entire Board.

As per the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 5th February, 2020, taking into consideration the integrity, expertise and experience of Mrs. Daksha Shah (DIN: 00376899), has unanimously decided to re-appoint Mrs. Daksha Shah (DIN: 00376899) having Registration No. IDDBDI-202002-006975 of Director in Independent Director's Data Bank as a Woman Independent Director of the Company for a period of 5 years, with effect from 14th March, 2020 and whose office shall not be liable to retire by rotation, subject to approval of Members by passing special resolution through postal ballot and e-voting. The Board's decision as above is notwithstanding the fact that Mrs. Daksha Shah shall attain the age of seventy five (75) years during her further term as Woman Independent Director of the Company.

Mrs. Daksha Shah (DIN: 00376899) was re-appointed as Woman Independent Director of the Company for a second term of 5 years w.e.f. 14th March, 2020, as approved by members of the Company by passing special resolution through postal ballot.

Ratio of remuneration of each director to the calculation of median employee's remuneration and other prescribed details

Details of managerial remuneration as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given as per 'Annexure H' to this report.

REPORTS ON MANAGEMENT DISCUSSION ANALYSIS AND CORPORATE GOVERNANCE:

As required under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, Management Discussion and Analysis Report and Corporate Governance Report are annexed as "Annexure - I" and "Annexure - J" respectively to this Report.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

To foster a positive workplace environment, free from harassment of any nature, we have institutionalized the Anti-Sexual Harassment Initiative (ASHI) framework, through which we address complaints of sexual harassment at the all workplaces of the Company. Our policy assures discretion and guarantees non-retaliation to complainants. We follow a gender-neutral approach in handling complaints of sexual harassment and we are compliant with the law of the land where we operate.

We have also constituted a Special Complaints Committee to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there were no incidences of sexual harassment reported.

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:

The Audit Committee consists of the following members:

- a) Mr. Bala Bhaskaran (Independent Director) – Chairman
- b) Mr. Chetan Shah (Independent Director) – Member
- c) Mr. Umesh Shah (Independent Director) – Member

Ms. Riddhi Bhaveshbhai Bhayani, Company Secretary & Compliance Officer acts as the Secretary to the Audit Committee.

The composition and scope of Audit committee inter alia meets with the requirement of Section 177 of the Companies Act, 2013 and in accordance with Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

No. of Meeting of Audit Committee held during the year: 4

The Audit Committee met (4) Four times during the financial year under review.

Sr. No.	Date on which Audit Committee Meetings were held	Total Strength of the Committee	No. of Members Present
1	07.05.2019	3	2
2	30.07.2019	3	3
3	05.11.2019	3	3
4	05.02.2020	3	3

The Company has established a vigil mechanism and overseas through the Committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company. The board has approved a policy for vigil mechanism which has been hosted on the website of the Company. The web-link for the same is <https://www.mas.co.in/policy.aspx>.

DISCLOSURES PURSUANT TO RBI MASTER DIRECTION:

The disclosures pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, is annexed herewith as "Annexure-K".

BUSINESS RESPONSIBILITY REPORT:

A Business Responsibility Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, is enclosed as part of this report, vide "Annexure-L".

**CREDIT RATING:**

During the year, your Company's long term credit ratings have been reaffirmed to ACUITE AA- with Stable Outlook. Also, your company's short term rating remains the highest ACUITE A1+ by Acuite Ratings & Research. The Credit rating was obtained from Acuite Ratings & Research on 6th March 2020.

DISCLOSURE FOR MAINTENANCE OF COST RECORDS:

The provision of Application of Cost Record in Compliance of Companies (Accounts) Rules, 2014 & in respect of section 148(1) of the Companies Act, 2013 is not applicable to the Company.

RECOGNITION:

The Company has been included in the list of Top 500 companies on BSE Limited & National Stock Exchange Limited based on market capitalization.

ACKNOWLEDGEMENT:

The Directors place on record their appreciation to all those people, who have so willingly placed their trust in the Company & the Management and to more than one million customers across all area under our operations, who have given the Company an opportunity to serve them.

It is worth mentioning that, working with many NBFC-MFIs, NBFCs and HFCs has been a very encouraging experience especially in being catalyst to their sustainability and growth. The Company looks forward to further strengthening the synergies.

The entire **HAAS** Team deserves the appreciation for their sincere efforts and determination to excel. The core team of **HAAS** 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
HAAS FINANCIAL SERVICES LIMITED

Kamlesh C. Gandhi

Chairman and Managing Director
(DIN: 00044852)

Mukesh C. Gandhi

Whole time
Director & CFO
(DIN: 00187086)

Place : Ahmedabad

Date : 11th November, 2020

Annexure -A

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

1. REGISTRATION AND OTHER DETAILS:

1	CIN	L65910GJ1995PLC026064
2	Registration Date	25/05/1995
3	Name of the Company	MAS Financial Services Limited
4	Category/Sub-category of the Company	Company limited by shares
5	Address of the Registered office & contact details	6, Narayan Chambers, Ground Floor, B/h Patang Hotel, Ashram Road, Ahmedabad – 380 009. Ph No. - 079-41106500 Website: www.mas.co.in
6	Whether listed company	Yes [Bombay Stock Exchange (BSE Limited) and National Stock Exchange of India Limited (NSE)]
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited Registered Office Address: C-101, 1 st Floor, 247 Park Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083 Tel No.: +91 22 -49186200 Fax No.: +91 22 -49186195 Email: mas.ipo@linkintime.co.in Web: www.linkintime.co.in Branch/Correspondence Address: 506 To 508, Amarnath Business Centre – 1, Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off. Chimanlal Girdharlal Rd, Sardar Patel Nagar, Ellisbridge, Ahmedabad – 380006 Tel No.: +91 79 26465179/86/87 Fax No.: +91 79 26465179

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/Service	% to total turnover of the company
1.	The Company is mainly engaged into retail lending business, comprising of micro, small and medium enterprises, two wheelers, three wheelers & Multi-utility vehicles loans to individual borrowers and loans to MFI and NBFC. The Company has 105 branches and is catering to more than 3450 centers with centralized credit and back office system at Central Processing Unit at head office, Ahmedabad.	64990	100% to total turnover of the Company.



3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	₹₹₹ Rural Housing & Mortgage Finance Limited Address: 4 th Floor, Narayan Chambers, B/h Patang Hotel, Ashram Road, Ahmedabad – 380 009.	U74900GJ2007PLC051383	Subsidiary	59.67% (Holding 1,26,64,893 shares in ₹₹₹ Rural Housing & Mortgage Finance Limited)	Section 2(87) of Companies Act, 2013.

4. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

I) CATEGORY-WISE SHAREHOLDING

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2019)				No. of Shares held at the end of the year (as on March 31, 2020)				% change in Shareholding during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF*	3,87,92,964	-	3,87,92,964	70.9687	3,88,22,520	-	3,88,22,520	71.0228	+0.0541
b) Central Govt. Or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporate*	13,67,082	-	13,67,082	2.5010	14,00,724	-	14,00,724	2.5625	+0.0615
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL: (A) (1)	4,01,60,046	-	4,01,60,046	73.4697	4,02,23,244	-	4,02,23,244	73.5853	+0.1156
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL: (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL SHAREHOLDING OF PROMOTER (A)= (A)(1)+(A)(2)	4,01,60,046	-	4,01,60,046	73.4697	4,02,23,244	-	4,02,23,244	73.5853	+0.1156
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	52,21,281	-	52,21,281	9.5519	48,52,144	-	48,52,144	8.8766	-0.6753
b) Banks/FI	10,373	-	10,373	0.0190	5,475	-	5,475	0.0100	-0.0090
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS – Foreign Portfolio Investor	14,05,642	-	14,05,642	2.5715	8,33,716	-	8,33,716	1.5252	-1.0463
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) - Alternate Investment Funds	6,62,405	-	6,62,405	1.2118	10,13,148	-	10,13,148	1.8535	+0.6417
SUB TOTAL (B)(1):	72,99,701	-	72,99,701	13.3542	67,04,483	-	67,04,483	12.2653	-1.0889
(2) Non Institutions									
a) Bodies corporates									
i) Indian	10,83,227	-	10,83,227	1.9817	11,51,268	-	11,51,268	2.1062	+0.1245
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	16,79,627	-	16,79,627	3.0727	21,03,470	-	21,03,470	3.8481	+0.7754
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	2,11,212	-	2,11,212	0.3864	2,26,086	-	2,26,086	0.4136	+0.0272

Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2019)				No. of Shares held at the end of the year (as on March 31, 2020)				% change in Shareholding during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
- Trusts	39,90,422	-	39,90,422	7.3002	40,05,737	-	40,05,737	7.3282	+0.0280
- Hindu Undivided Family	99,660	-	99,660	0.1823	88,607	-	88,607	0.1621	-0.0202
- Non Resident Indians (Non Repat)	45,986	-	45,986	0.0841	52,175	-	52,175	0.0955	+0.0114
- Non Resident Indians (Repat)	74,451	-	74,451	0.1362	83,297	-	83,297	0.1524	+0.0162
- Clearing Member	17,679	-	17,679	0.0323	23,676	-	23,676	0.0433	+0.0110
- NBFCs registered with RBI	32	-	32	0.0001	-	-	-	-	-0.0001
SUB TOTAL (B)(2):	72,02,296	-	72,02,296	13.1760	77,34,316	-	77,34,316	14.1493	+0.9733
TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)	1,45,01,997	-	1,45,01,997	26.5303	1,44,38,799	-	1,44,38,799	26.4147	-0.1156
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	5,46,62,043	-	5,46,62,043	100.00	5,46,62,043	-	5,46,62,043	100.00	0.00

II) SHAREHOLDING OF PROMOTERS

Sl No.	Name of the Shareholder	Shareholding at the beginning of the year (As on April 1, 2019)			Shareholding at the end of the year (As on March 31, 2020)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	Mr. Mukesh C. Gandhi	1,61,55,814	29.5558	None	1,61,55,814	29.5558	None	0.00
2	*Mr. Kamlesh C. Gandhi	62,64,081	11.4597	None	62,81,583	11.4917	None	+0.0320
3	Mrs. Shweta Kamlesh Gandhi	1,63,38,450	29.8899	None	1,63,38,450	29.8899	None	0.00
4	M/S. Prarthna Marketing Private Limited	13,10,057	2.3966	None	13,10,057	2.3966	None	0.00
5	Mr. Dhvanil K Gandhi (Promoter Group)	34,619	0.0633	None	34,619	0.0633	None	0.00
6	*M/S. Anamaya Capital LLP (Promoter Group)	57,025	0.1043	None	90,667	0.1659	None	+0.0616
7	Ms. Dhriti Kamlesh Gandhi (Promoter Group)	0	0	None	12,054	0.0221	None	+0.0221

III) CHANGE IN PROMOTERS' SHAREHOLDING

Sl. No.	Particulars	Shareholding at the beginning of the Year (as on April 1, 2019)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1.	MR. MUKESH C. GANDHI				
	At the beginning of the year	1,61,55,814	29.5558	1,61,55,814	29.5558
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	1,61,55,814	29.5558	1,61,55,814	29.5558
2.	MR. KAMLESH C. GANDHI				
	At the beginning of the year	62,64,081	11.4597	62,64,081	11.4597
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date:13/03/2020 – MARKET BUY	2,808	0.0051	62,66,889	11.4648
	Date:20/03/2020 – MARKET BUY	3,194	0.0058	62,70,083	11.4706
	Date:27/03/2020 – MARKET BUY	4,000	0.0074	62,74,083	11.4780
	Date:31/03/2020 – MARKET BUY	7,500	0.0137	62,81,583	11.4917
	* At the end of the year	62,81,583	11.4917	62,81,583	11.4917
3.	MRS. SHWETA KAMLESH GANDHI				
	At the beginning of the year	1,63,38,450	29.8899	1,63,38,450	29.8899
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	1,63,38,450	29.8899	1,63,38,450	29.8899

Sl. No.	Particulars	Shareholding at the beginning of the Year (as on April 1, 2019)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
4.	M/S. PRARTHNA MARKETING PRIVATE LIMITED				
	At the beginning of the year	13,10,057	2.3966	13,10,057	2.3966
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	13,10,057	2.3966	13,10,057	2.3966
5.	MR. DHVANIL K GANDHI				
	At the beginning of the year	34,619	0.0633	34,619	0.0633
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	34,619	0.0633	34,619	0.0633
6.	M/S. ANAMAYA CAPITAL LLP				
	At the beginning of the year	57,025	0.1043	57,025	0.1043
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 03/01/2020 – MARKET BUY	10,000	0.0183	67,025	0.1226
	Date: 13/03/2020 - MARKET BUY	2,309	0.0042	69,334	0.1268
	Date: 20/03/2020 - MARKET BUY	5,333	0.0098	74,667	0.1366
	Date: 27/03/2020 - MARKET BUY	8,500	0.0155	83,167	0.1521
	Date: 31/03/2020 - MARKET BUY	7,500	0.0138	90,667	0.1659
	*At the end of the year	90,667	0.1659	90,667	0.1659
7.	MS. DHRITI KAMLESH GANDHI				
	At the beginning of the year	0	0.00	0	0.00
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 13/03/2020 – MARKET BUY	1,000	0.0018	1,000	0.0018
	Date: 20/03/2020 – MARKET BUY	4,014	0.0074	5,014	0.0092
	Date: 27/03/2020 – MARKET BUY	7,040	0.0129	12,054	0.0221
	*At the end of the year	12,054	0.0221	12,054	0.0221

Notes:

* 1. The following persons / entity belonging to promoter and promoter group of the Company have purchased the equity shares of the Company as on 30/03/2020 & 31/03/2020. However, the said shares were not reflected under the BENPOS received from Registrar and Transfer Agent as the same were in transit process. Therefore, we are unable to mention the said shares in this shareholding pattern filed with Stock Exchanges for the quarter ended on 31st March, 2020:

- (i) Mr. Kamlesh Chimanlal Gandhi: 4,250 shares (purchased 2250 shares on 30/03/2020 & 2000 shares on 31/03/2020)
- (ii) M/s. Anamaya Capital LLP: 4,327 shares (purchased 2223 shares on 30/03/2020 & 2104 shares on 31/03/2020)

** 2. As the transfer of shares has taken place in demat mode, the date of increase/decrease is not the actual date. The said date is the closing date on which the Company received data from Registrar and Transfer Agent which is generally Friday.

IV) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRS & ADRS)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	M/S. VISTRA ITCL I LTD BUSINESS EXCELLENCE TRUST III INDIA BUSINESS				
	At the beginning of the year	39,90,422	7.3002	39,90,422	7.3002
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 31/03/2020 – MARKET BUY	15,315	0.0280	40,05,737	7.3282
	At the end of the year (or on the date of separation, if separated during the year)	40,05,737	7.3282	40,05,737	7.3282
2	M/S. AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS LONG TERM EQUITY FUND				
	At the beginning of the year	24,30,695	4.4468	24,30,695	4.4468
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 05/04/2019 – MARKET BUY	15,763	0.0288	24,46,458	4.4756
	Date: 31/05/2019 - MARKET SELL	(1,00,000)	(0.1829)	23,46,458	4.2927
	Date: 07/06/2019 - MARKET BUY	1,00,000	0.1829	24,46,458	4.4756
	Date: 14/06/2019 - MARKET SELL	(277)	(0.0005)	24,46,181	4.4751
	Date: 09/08/2019 – MARKET BUY	11,984	0.0219	24,58,165	4.4970
	Date: 16/08/2019 - MARKET BUY	51,225	0.0937	25,09,390	4.5907
	Date: 23/08/2019 - MARKET BUY	2,255	0.0042	25,11,645	4.5949

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date: 20/09/2019 – MARKET BUY	10,370	0.0189	25,22,015	4.6138
	Date: 27/09/2019 - MARKET BUY	33,023	0.0604	25,55,038	4.6742
	Date: 25/10/2019 - MARKET BUY	2,244	0.0042	25,57,282	4.6784
	Date: 01/11/2019 - MARKET BUY	22,458	0.041	25,79,740	4.7194
	Date: 08/11/2019 - MARKET BUY	63,664	0.1165	26,43,404	4.8359
	Date: 15/11/2019 – MARKET BUY	52,761	0.0965	26,96,165	4.9324
	Date: 13/12/2019 - MARKET BUY	81,196	0.1486	27,77,361	5.0810
	Date: 24/01/2020 - MARKET SELL	(852)	(0.0016)	27,76,509	5.0794
	Date: 31/01/2020 - MARKET BUY	3,415	0.0063	27,79,924	5.0857
	Date: 14/02/2020 - MARKET SELL	(11,433)	(0.0210)	27,68,491	5.0647
	Date: 27/03/2020 - MARKET BUY	10,000	0.0183	27,78,491	5.0830
	At the end of the year (or on the date of separation, if separated during the year)	27,78,491	5.0830	27,78,491	5.0830
3	M/S. IDFC STERLING VALUE FUND				
	At the beginning of the year	23,75,235	4.3453	23,75,235	4.3453
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 05/04/2019 – MARKET BUY	4,203	0.0077	23,79,438	4.3530
	Date: 12/04/2019 - MARKET BUY	2,648	0.0048	23,82,086	4.3578
	Date: 19/04/2019 - MARKET BUY	504	0.0010	23,82,590	4.3588
	Date: 10/05/2019 - MARKET BUY	5,000	0.0091	23,87,590	4.3679
	Date: 17/05/2019 - MARKET BUY	10,000	0.0183	23,97,590	4.3862
	Date: 24/05/2019 - MARKET BUY	6,500	0.0119	24,04,090	4.3981
	Date: 31/05/2019 - MARKET BUY	10,000	0.0183	24,14,090	4.4164
	Date: 07/06/2019 - MARKET SELL	(2,394)	(0.0044)	24,11,696	4.4120
	Date: 14/06/2019 - MARKET SELL	(18,113)	(0.0331)	23,93,583	4.3789
	Date: 29/06/2019 - MARKET BUY	411	0.0007	23,93,994	4.3796
	Date: 12/07/2019 - MARKET BUY	4,996	0.0092	23,98,990	4.3888
	Date: 19/07/2019 - MARKET SELL	(797)	(0.0015)	23,98,193	4.3873
	Date: 02/08/2019 - MARKET SELL	(3,472)	(0.0063)	23,94,721	4.3810
	Date: 16/08/2019 - MARKET SELL	(57,778)	(0.1057)	23,36,943	4.2753
	Date: 23/08/2019 – MARKET SELL	(10,733)	(0.0197)	23,26,210	4.2556
	Date: 30/08/2019 - MARKET SELL	(1,531)	(0.0028)	23,24,679	4.2528
	Date: 13/09/2019 - MARKET SELL	(16,415)	(0.0300)	23,08,264	4.2228
	Date: 20/09/2019 - MARKET SELL	(14,671)	(0.0268)	22,93,593	4.1960
	Date: 27/09/2019 - MARKET SELL	(19,280)	(0.0353)	22,74,313	4.1607
	Date: 30/09/2019 - MARKET SELL	(4,474)	(0.0082)	22,69,839	4.1525
	Date: 04/10/2019 - MARKET SELL	(1,566)	(0.0029)	22,68,273	4.1496
	Date: 11/10/2019 - MARKET SELL	(13,383)	(0.0245)	22,54,890	4.1251
	Date: 18/10/2019 - MARKET SELL	(19,072)	(0.0348)	22,35,818	4.0903
	Date: 25/10/2019 - MARKET SELL	(32,662)	(0.0598)	22,03,156	4.0305
	Date: 01/11/2019 - MARKET SELL	(2,775)	(0.0051)	22,00,381	4.0254
	Date: 08/11/2019 - MARKET BUY	1,657	0.0031	22,02,038	4.0285
	Date: 15/11/2019 - MARKET SELL	(53,577)	(0.0981)	21,48,461	3.9304
	Date: 22/11/2019 - MARKET SELL	(14,950)	(0.0273)	21,33,511	3.9031
	Date: 06/12/2019 - MARKET SELL	(11,975)	(0.0219)	21,21,536	3.8812
	Date: 13/12/2019 - MARKET SELL	(1,25,802)	(0.2302)	19,95,734	3.6510
	Date: 20/12/2019 - MARKET SELL	(1,107)	(0.0020)	19,94,627	3.6490
	Date: 27/12/2019 - MARKET SELL	(2,423)	(0.0044)	19,92,204	3.6446
	Date: 03/01/2020 - MARKET SELL	(8,564)	(0.0157)	19,83,640	3.6289
	Date: 10/01/2020 - MARKET SELL	(5,061)	(0.0092)	19,78,579	3.6197
	Date: 17/01/2020 - MARKET SELL	(20,418)	(0.0374)	19,58,161	3.5823
	Date: 24/01/2020 - MARKET SELL	(13,829)	(0.0253)	19,44,332	3.5570
	Date: 31/01/2020 - MARKET SELL	(5,505)	(0.0101)	19,38,827	3.5469
	Date: 07/02/2020 - MARKET SELL	(20,119)	(0.0368)	19,18,708	3.5101



Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date: 14/02/2020 - MARKET SELL	(9,548)	(0.0174)	19,09,160	3.4927
	Date: 21/02/2020 - MARKET SELL	(4,516)	(0.0083)	19,04,644	3.4844
	Date: 28/02/2020 - MARKET SELL	(3,488)	(0.0064)	19,01,156	3.4780
	Date: 06/03/2020 - MARKET SELL	(13,491)	(0.0247)	18,87,665	3.4533
	Date: 13/03/2020 - MARKET SELL	(895)	(0.0016)	18,86,770	3.4517
	Date: 20/03/2020 - MARKET BUY	5,000	0.0091	18,91,770	3.4608
	Date: 27/03/2020 - MARKET BUY	16,803	0.0308	19,08,573	3.4916
	At the end of the year (or on the date of separation, if separated during the year)	19,08,573	3.4916	19,08,573	3.4916
4	M/S. TATA AIA LIFE INSURANCE CO LTD-WHOLE LIFE MID CAP EQUITY FUND-ULIF 009 04/01/07 WLE 110				
	At the beginning of the year	7,52,833	1.3773	7,52,833	1.3773
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 24/01/2020 - MARKET SELL	(4,430)	(0.0082)	7,48,403	1.3691
	Date: 31/01/2020 - MARKET SELL	(16,298)	(0.0298)	7,32,105	1.3393
	Date: 07/02/2020 - MARKET SELL	(5,304)	(0.0097)	7,26,801	1.3296
	Date: 21/02/2020 - MARKET SELL	(15,423)	(0.0282)	7,11,378	1.3014
	Date: 06/03/2020 - MARKET SELL	(275)	(0.0005)	7,11,103	1.3009
	At the end of the year (or on the date of separation, if separated during the year)	7,11,103	(1.3009)	7,11,103	1.3009
5	M/S. MOTILAL OSWAL FOCUSED EMERGENCE FUND				
	At the beginning of the year	5,40,961	0.9896	5,40,961	0.9896
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 21/02/2020 - MARKET SELL	(4,000)	(0.0073)	5,36,961	0.9823
	Date: 28/02/2020 - MARKET SELL	(6,099)	(0.0111)	5,30,862	0.9712
	At the end of the year (or on the date of separation, if separated during the year)	5,30,862	0.9712	5,30,862	0.9712
6	M/S. SCHRODER INTERNATIONAL SELECTION FUND INDIAN OPPORTUNITIES				
	At the beginning of the year	3,18,986	0.5836	3,18,986	0.5836
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 23/08/2019 - MARKET SELL	(949)	(0.0018)	3,18,037	0.5818
	Date: 30/08/2019 - MARKET SELL	(3,208)	(0.0058)	3,14,829	0.5760
	At the end of the year (or on the date of separation, if separated during the year)	3,14,829	0.5760	3,14,829	0.5760
7	M/S. ASK INDIA 2025 EQUITY FUND				
	At the beginning of the year	62,944	0.1152	62,944	0.1152
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 05/04/2019 - MARKET BUY	3,195	0.0058	66,139	0.1210
	Date: 12/04/2019 - MARKET BUY	5,093	0.0093	71,232	0.1303
	Date: 19/04/2019 - MARKET BUY	9,129	0.0167	80,361	0.1470
	Date: 26/04/2019 - MARKET BUY	10,800	0.0198	91,161	0.1668
	Date: 17/05/2019 - MARKET BUY	18,287	0.0334	1,09,448	0.2002
	Date: 24/05/2019 - MARKET BUY	7,708	0.0141	1,17,156	0.2143
	Date: 14/06/2019 - MARKET BUY	29,795	0.0545	1,46,951	0.2688
	Date: 29/06/2019 - MARKET BUY	20,000	0.0366	1,66,951	0.3054
	Date: 05/07/2019 - MARKET BUY	4,270	0.0078	1,71,221	0.3132
	Date: 19/07/2019 - MARKET BUY	3,944	0.0073	1,75,165	0.3205
	Date: 25/10/2019 - MARKET BUY	11,058	0.0202	1,86,223	0.3407
	Date: 01/11/2019 - MARKET BUY	2,000	0.0036	1,88,223	0.3443
	At the end of the year (or on the date of separation, if separated during the year)	1,88,223	0.3443	1,88,223	0.3443
8	M/S. ABAKKUS EMERGING OPPORTUNITIES FUND-1				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 22/11/2019 - MARKET BUY	1,50,000	0.2744	1,50,000	0.2744
	At the end of the year (or on the date of separation, if separated during the year)	1,50,000	0.2744	1,50,000	0.2744

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9	M/S. UNISUPER LIMITED AS TRUSTEE FOR UNISUPER				
	At the beginning of the year	1,48,772	0.2722	1,48,772	0.2722
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 23/08/2019 – MARKET SELL	(447)	0.2713	1,48,325	0.2713
	At the end of the year (or on the date of separation, if separated during the year)	1,48,325	0.2713	1,48,325	0.2713
10	M/S. JPMORGAN INDIA SMALLER COMPANIES FUND				
	At the beginning of the year	2,14,197	0.3919	2,14,197	0.3919
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 04/10/2019 – MARKET SELL	(9,508)	(0.0174)	2,04,689	0.3745
	Date: 11/10/2019 – MARKET SELL	(22,000)	(0.0403)	1,82,689	0.3342
	Date: 18/10/2019 – MARKET SELL	(16,723)	(0.0306)	1,65,966	0.3036
	Date: 25/10/2019 – MARKET SELL	(1,769)	(0.0032)	1,64,197	0.3004
	Date: 13/03/2020 – MARKET SELL	(9,757)	(0.0179)	1,54,440	0.2825
	Date: 20/03/2020 – MARKET SELL	(29,215)	(0.0534)	1,25,225	0.2291
	Date: 27/03/2020 – MARKET SELL	(785)	(0.0014)	1,24,440	0.2277
	At the end of the year (or on the date of separation, if separated during the year)	1,24,440	0.2277	1,24,440	0.2277
11	M/S. TIMF HOLDINGS				
	At the beginning of the year	5,25,811	0.9619	5,25,811	0.9619
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 17/05/2019 – MARKET SELL	(29,044)	(0.0531)	4,96,767	0.9088
	Date: 21/06/2019 – MARKET SELL	(40,000)	(0.0732)	4,56,767	0.8356
	Date: 29/06/2019 – MARKET SELL	(56,314)	(0.1030)	4,00,453	0.7326
	Date: 25/10/2019 – MARKET SELL	(7,347)	(0.0134)	3,93,106	0.7192
	Date: 01/11/2019 – MARKET SELL	(1,02,579)	(0.1877)	2,90,527	0.5315
	Date: 08/11/2019 – MARKET SELL	(34,659)	(0.0634)	2,55,868	0.4681
	Date: 15/11/2019 – MARKET SELL	(6,329)	(0.0116)	2,49,539	0.4565
	Date: 22/11/2019 – MARKET SELL	(1,41,215)	(0.2583)	1,08,324	0.1982
	Date: 29/11/2019 – MARKET SELL	(1,735)	(0.0032)	1,06,589	0.1950
	Date: 06/12/2019 – MARKET SELL	(1,06,589)	(0.1950)	0	0.0000
	At the end of the year (or on the date of separation, if separated during the year)	0	0.00	0	0.00
12	M/S. SUNDARAM MUTUAL FUND A/C SUNDARAM RURAL AND CONSUMPTION FUND				
	At the beginning of the year	242145	0.4430	242145	0.4430
	Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 05/04/2019 – MARKET SELL	(4,833)	(0.0089)	2,37,312	0.4341
	Date: 19/04/2019 – MARKET SELL	(86,294)	(0.1578)	1,51,018	0.2763
	Date: 26/04/2019 – MARKET SELL	(19,338)	(0.0354)	1,31,680	0.2409
	Date: 03/05/2019 – MARKET SELL	(1,884)	(0.0034)	1,29,796	0.2375
	Date: 10/05/2019 – MARKET SELL	(17,796)	(0.0326)	1,12,000	0.2049
	Date: 17/05/2019 – MARKET SELL	(52,808)	(0.0966)	59,192	0.1083
	Date: 24/05/2019 – MARKET SELL	(38,729)	(0.0709)	20,463	0.0374
	Date: 31/05/2019 – MARKET SELL	(15,577)	(0.0285)	4,886	0.0089
	Date: 07/06/2019 – MARKET SELL	(4,886)	(0.0089)	0	0.0000
	At the end of the year (or on the date of separation, if separated during the year)	0	0.00	0	0.00

Note: As the transfer of shares taken place in demat mode, the date of increase/decrease is not the actual date. The said date is the closing date on which the Company received data from Registrar and Transfer Agent which is generally Friday.

V) SHAREHOLDING OF DIRECTORS & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the beginning of the Year (As on April 1, 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	MR. KAMLESH C. GANDHI, CHAIRMAN AND MANAGING DIRECTOR				
	At the beginning of the year	62,64,081	11.4597	62,64,081	11.4597
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date:13/03/2020 – MARKET BUY	2,808	0.0051	62,66,889	11.4648
	Date:20/03/2020 – MARKET BUY	3,194	0.0058	62,70,083	11.4706
	Date:27/03/2020 – MARKET BUY	4,000	0.0074	62,74,083	11.4780
	Date:31/03/2020 – MARKET BUY	7,500	0.0137	62,81,583	11.4917
	*At the end of the year	62,81,583	11.4917	62,81,583	11.4917
2	MR. MUKESH C. GANDHI, WHOLE-TIME DIRECTOR AND CFO				
	At the beginning of the year	1,61,55,814	29.5558	1,61,55,814	29.5558
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	1,61,55,814	29.5558	1,61,55,814	29.5558
3	MRS. DARSHANA PANDYA, DIRECTOR & CEO				
	At the beginning of the year	15,434	0.0282	15,434	0.0282
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	15,434	0.0282	15,434	0.0282
4	MR. BALA BHASKARAN, INDEPENDENT DIRECTOR				
	At the beginning of the year	945	0.0017	945	0.0017
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	945	0.0017	945	0.0017
5	MR. CHETAN SHAH, INDEPENDENT DIRECTOR				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	0	0.00	0	0.00
6	MR. UMESH SHAH, INDEPENDENT DIRECTOR				
	At the beginning of the year	0	0.00	0	0.00
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date:24/05/2020 – MARKET BUY	200	0.0004	200	0.0004
	At the end of the year	200	0.0004	200	0.0004
7	MRS.DAKSHA SHAH, INDEPENDENT DIRECTOR				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	0	0.00	0	0.00
8	MS. RIDDHI BHAVESHBHAI BHAYANI, COMPANY SECRETARY AND COMPLIANCE OFFICER				
	At the beginning of the year	338	0.0006	338	0.0006
	**Date wise Increase / Decrease in Shareholding during the year: Reason: Transfer				
	Date: 27/03/2020 – MARKET BUY	50	0.0001	388	0.0007
	Date: 31/03/2020 – MARKET BUY	35	0.0001	423	0.0008
	# At the end of the year	423	0.0008	423	0.0008
9	MR. ANKIT JAIN, CHIEF FINANCIAL OFFICER				
	At the beginning of the year	25	Negligible	25	Negligible
	Date wise Increase / Decrease in Shareholding during the year: No Change during the year				
	At the end of the year	25	Negligible	25	Negligible

Notes:

* 1. The following persons / entity belonging to promoter and promoter group of the Company have purchased the equity shares of the Company as on 30/03/2020 & 31/03/2020. However, the said shares were not reflected under the BENPOS received from Registrar and Transfer Agent as the same were in transit process. Therefore, we are unable to mention the said shares in this shareholding pattern filed with Stock Exchanges for the quarter ended on 31st March, 2020:

- (i) Mr. Kamlesh Chimanlal Gandhi: 4,250 shares (purchased 2250 shares on 30/03/2020 & 2000 shares on 31/03/2020)
- (ii) M/s. Anamaya Capital LLP: 4,327 shares (purchased 2223 shares on 30/03/2020 & 2104 shares on 31/03/2020)
- (iii) Ms. Riddhi Bhaveshbhai Bhayani: 15 shares (purchased 15 shares on 30/03/2020)

** 2. As the transfer of shares has taken place in demat mode, the date of increase/decrease is not the actual date. The said date is the closing date on which the Company received data from Registrar and Transfer Agent which is generally Friday.

5. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹ Lakh)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	196,471.27	6,000.00	-	202,471.27
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	385.66	10.36	-	396.02
Total (i+ii+iii)	196,856.93	6,010.36	-	202,867.29
Change in Indebtedness during the financial year				
Addition	97,241.32	2,510.36	-	99,751.68
Reduction	42,531.36	10.36	-	42,541.72
Net Change	54,709.96	2,500.00	-	57,209.96
Indebtedness at the end of the financial year				
i) Principal Amount	250,363.46	8,500.00	-	258,863.46
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,203.43	10.36	-	1,213.79
Total (i+ii+iii)	251,566.89	8,510.36	-	260,077.25

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount (In ₹ lakh)
		MR. KAMLESH GANDHI (CMD)	MR. MUKESH GANDHI (WTD & CFO)	MRS. DARSHANA PANDYA (Director & CEO)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961. (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	846.14	844.98	32.68	1723.80
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	Total A	846.14	844.98	32.68	1723.80
	Ceiling as per the Act	-	-	-	In compliance with Section 196, 197, 198 read with Schedule V of the Companies Act, 2013 as amended from time to time.

B. Remuneration to other directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Directors				Total Amount
		Mr. Bala Bhaskaran	Mr. Chetan Shah	Mr. Umesh Shah	Mrs. Daksha Shah	
1	Independent Directors					
(a)	Fee for attending Board / committee meetings	1,75,000	2,35,000	1,95,000	75,000	6,80,000
(b)	Commission	-	-	-	-	-
(c)	Others, please specify.	-	-	-	-	-
	Total (1)	1,75,000	2,35,000	1,95,000	75,000	6,80,000
2	Other Non Executive Directors					
(a)	Fee for attending board committee meetings	-	-	-	-	-
(b)	Commission	-	-	-	-	-
(c)	Others, please specify.	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	1,75,000	2,35,000	1,95,000	75,000	6,80,000
	Total Managerial Remuneration	1,75,000	2,35,000	1,95,000	75,000	6,80,000

C. Remuneration To Key Managerial Personnel other than MD/Manager/WTD

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Chief Financial Officer	Company Secretary	Chief Financial Officer	
		Mr. Mukesh C. Gandhi	Ms. Riddhi B. Bhayani	Mr. Ankit Jain	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	7,49,506	26,13,659	33,63,165
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others (specify)	-	-	-	-
5	Others, (Bonus, Gratuity & PF)	-	-	2,38,600	2,38,600
	Total	Nil	7,49,506	28,52,259	36,01,765

7. PENALTIES/PUNISHMENT/ COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	NIL	N.A.	N.A.	N.A.	N.A.
Punishment	NIL	N.A.	N.A.	N.A.	N.A.
Compounding	NIL	N.A.	N.A.	N.A.	N.A.
B. DIRECTORS					
Penalty	NIL	N.A.	N.A.	N.A.	N.A.
Punishment	NIL	N.A.	N.A.	N.A.	N.A.
Compounding	NIL	N.A.	N.A.	N.A.	N.A.
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	N.A.	N.A.	N.A.	N.A.
Punishment	NIL	N.A.	N.A.	N.A.	N.A.
Compounding	NIL	N.A.	N.A.	N.A.	N.A.

For and on behalf of the Board of Directors of
 **FINANCIAL SERVICES LIMITED**

Date: 11th November, 2020
Place: Ahmedabad

Kamlesh C. Gandhi
Chairman and Managing Director
(DIN: 00044852)

Mukesh C. Gandhi
Whole time Director & CFO
(DIN: 00187086)

Annexure - B

REMUNERATION POLICY

In accordance with the provisions of Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Committee recommended the following remuneration policy relating to the remuneration being paid to Directors, Key Managerial Personnel and other employees, which was approved and adopted by the Board.

• REMUNERATION TO EXECUTIVE DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT & OTHER EMPLOYEES:

The payment of managerial remuneration to Executive Directors, Key Managerial Personnel and Senior Management Team will be reviewed and recommended by Nomination and Remuneration Committee which will be approved by Board of Directors and/or shareholders as per applicable provisions of Companies Act, 2013. Further remuneration of Other Employees shall be decided/ recommended and approved by the management/ Executive Directors based on company's HR Policy.

Further following point's needs to be considered while making payment of remuneration to Executive Directors, Key Managerial Personnel and Senior Management:

- The Remuneration and terms of employments shall be fixed/ recommended in such a manner that the structure is clear and meets appropriate performance benchmarks.
- The Remuneration involve a good balance between fixed and incentive pay reflecting short and long term performance objective appropriate to the working of the Company and its goals.
- The remuneration will be in correlation of companies HR Policy.
- No directors or Key Managerial Personnel should be directly involved in determining their own remuneration or their performance evaluation.

• REMUNERATION TO NON-EXECUTIVE DIRECTORS:

The Company pays sitting fees of ₹ 15,000/- per Board meeting and ₹ 10,000 per Committee meeting attended by Non-Executive Directors. Apart from sitting fees, Company is not paying any amount to Non-Executive Directors.

• CRITERIA FOR IDENTIFICATION OF PERSONS FOR APPOINTMENT AS DIRECTORS AND IN SENIOR MANAGEMENT:

Pursuant to provisions of section 178(3) of the Act read with Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 the Nomination and Remuneration Committee is required to formulate the criteria for determining qualification, positive attributes and independence of a Director and senior management. The criteria adopted by the Nomination and Remuneration Committee for the aforesaid purpose is as under:

Qualification:

- He/ she should be qualified and eligible as per the provisions prescribed under Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and should possess appropriate skills, experience and knowledge.

Criteria for appointing a Director:

- He should be knowledgeable and diligent in updating his knowledge and should have qualification, skills, experience and expertise by which the Company can benefit and should be person of integrity, with high ethical standards.
- Independent Director, in addition to above should fulfill the criteria for being appointed as an Independent Director prescribed under section 149 of the Companies Act, 2013 read with Schedule IV to the said Act and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- In addition to above Executive Directors should possess quality like leadership, vision, ability to steer the organization even in adverse condition, innovative thinking and team mentoring.

**In case of Re-appointment following additional criteria shall be considered:**

- Executive Directors: performance evaluation during his/her tenure as Director of the Company as well performance of the Company including all such other factors as required under Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws as amended from time to time to be considered for re-appointment of director.
- Non-executive Directors (including Independent Directors): performance evaluation during his/her tenure as Director in the Company, attendance and participation in the meetings and contribution to the activities of the Board and including all such other factors as per Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws as amended from time to time to be considered for re-appointment of director.

Criteria for appointing a Senior Management Employee/ Key Managerial Personnel:

- He should possess required educational qualification from recognized institution.
- He should have integrity, hardworking, positive thinking and other skills as required for suitable position.
- Detailed background information will be cross checked from reliable sources.
- Criteria under Companies' HR Policy will be followed.

Annexure - C

FORM NO. MR- 3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
HAS Financial Services Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HAS Financial Services Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 and verified the provisions of the following acts and regulations and also their applicability as far as the Company is concerned during the period under audit:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent of their applicability to the Company;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
 - (i) Reserve Bank of India Act, 1934.

We have also examined compliance with applicable clauses of the following:

1. Secretarial Standards issued by the Institute of Company Secretaries of India.
2. Provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

- i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.
- ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii) All decisions at Board Meetings & Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there are no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

For, **Ravi Kapoor & Associates**

Ravi Kapoor

Company Secretary in practice

FCS No. 2587

C P No.: 2407

UDIN: F002587B000316857

Place: Ahmedabad

Date: 4th June, 2020

This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

ANNEXURE A

To,
The Members
HAS 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**

Place: Ahmedabad
Date: 4th June, 2020

Ravi Kapoor
Company Secretary in practice
FCS No. 2587
C P No.: 2407
UDIN: F002587B000316857

Annexure - D

FORM NO. AOC - 2

(Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

- 1. Details of Contracts or Arrangements or Transactions not at Arm's length basis.** ~~MRHMFL~~ Financial Services Limited ("the Company") has not entered into any contract/arrangement/transaction with its related parties, which is not in ordinary course of business or not at arm's length during FY 2019-20. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act ("the Act") and corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

Sl No.	Particulars	Details
A	Name(s) of the related party & nature of relationship	N.A.
B	Nature of contracts/arrangements/transaction	N.A.
C	Duration of the contracts/arrangements/transaction	N.A.
D	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A.
E	Justification for entering into such contracts or arrangements or transactions.	N.A.
F	Date of approval by the Board	N.A.
G	Amount paid as advances, if any	N.A.
H	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A.

2. Details of material Contracts or Arrangements or Transactions at Arm's length basis for the year ended on 31st March, 2020

Sr. No.	Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
1.	~~MRHMFL~~ Rural Housing & Mortgage Finance Limited	Rendering of Services (Agreement for Amenities)	One year	MFSL agrees to provide MRHMFL within the premises the amenities, services, facilities-Usage of commercial premises of MFSL, furnitures & fixtures including computers, telephone lines, networks, use of water and water supply, and other necessary amenities for carrying on business activities smoothly. Amounting to ₹ 1,20,000/- per month.	MRHMFL is in requirement of the premises, assets and infrastructure which is available with MFSL. So, to fully utilise the premises, MRHMFL has requested MFSL to provide several amenities, services, facilities-Usage of commercial premises for carrying on business smoothly.	08.05.2019	No such amount was paid as advances.	N.A.
2.	~~MRHMFL~~ Rural Housing & Mortgage Finance Limited	Recovery Agreement	Two years	MFSL agrees to collect outstanding instalments and other dues from its customers and agrees to provide the said service under the terms and conditions as set forth in Agreement with MRHMFL. Amounting to ₹ 20,000/- per month.	MRHMFL being a subsidiary company carrying out business of Housing Finance is in requirement of recovery services for collecting there outstanding dues.	09.05.2018	No such amount was paid as advances.	N.A.

Sr. No.	Name(s) of the related party & nature of relationship	Nature of contracts / arrangements / transaction	Duration of the contracts / arrangements / transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
3.	HAAS Rural Housing & Mortgage Finance Limited	Cross Charge Payment	One Year	The Executive Management of HAAS Financial Services Limited will share several intellectual services to HAAS Rural Housing & Mortgage Finance Limited to carry out the Operations of the Company effectively. Since the remuneration for their services is paid by HAAS Financial Services Limited and considering various parameters to look in to the activities of the Company, MRHMFL will pay an amount decided by the Board of Directors as Cross Charge payment to share the Cost of Remuneration of the Executive Management.	MRHMFL is in requirement of various intellectual services of the Executive Management of HAAS Financial Services Limited to carry out the Business Operations of Cross Charge Payment the Company effectively considering various parameters to look in to the activities of the Company.	06.11.2019	No such amount was paid as advances.	N.A.
4.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 16,815,858.00 as on 31 st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
5.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 10,446,339.00 as on 31 st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
6.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 10,091,014.00 as on 31 st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
7.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 15,136,521.00 as on 31 st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
8.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 14,623,192.00 as on 31 st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
9.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 31,335,396.00 as on 31 st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
10.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 37,602,478.00 as on 31 st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.



Sr. No.	Name(s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under proviso to section 188
11.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 11,906,884.00 as on 31 st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
12.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 26,471,507.00 as on 31 st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
13.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 38,509,771.00 as on 31 st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
14.	M Power Microfinance Private Limited	Rendering of Services	24 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 38,509,771.00 as on 31 st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.
15.	M Power Microfinance Private Limited	Rendering of Services	73 months	MFSL agrees to grant term loans to M/s M Power Microfinance Private Limited and there is outstanding balance of ₹ 50,000,000.00 as on 31 st March, 2020.	M Power Microfinance Private Limited was in requirement of funds for further lending and the transaction was entered into in the ordinary course of business.	08.05.2019	Nil	N.A.

For and on behalf of the Board of Directors of
MAAS FINANCIAL SERVICES LIMITED

Date: 11th November, 2020
Place: Ahmedabad

Kamlesh C. Gandhi
Chairman and Managing Director
(DIN: 00044852)

Mukesh C. Gandhi
Whole time Director & CFO
(DIN: 00187086)

Annexure - E

DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND:

- The Objective of this policy is to provide the Dividend Distribution framework to the stakeholders of the Company.
- The Board of Directors shall recommend Dividend according to the provisions of the Companies Act, 2013 and Rules made thereunder and in accordance with the compliance of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable legal provisions.
- Under Section 2(35) of the Companies Act, 2013, "Dividend" includes any interim dividend. In common parlance, "dividend means the profit of a Company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid up on the shares held by them." Dividend can be paid on equity or preference shares both.
- The Board may declare one or more Interim Dividends during the year. Additionally, the Board may recommend Final Dividend for the approval of the shareholders at the Annual General Meeting.
- Recent Amendment in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the policy of Dividend Distribution is applicable to the top Five hundred listed entities based on market capitalization in pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements), 2015 the Company has decided to formulate and disclose its Dividend Distribution Policy. The Board of Directors of the Company has reviewed this Dividend Distribution policy of the Company as its Meeting held on 19th February, 2020.

2. CLASSES OF SHARES:

The Company has issued only one class of shares i.e. Equity Shares. Parameters for Dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable provisions of the Act, rules and regulations and will be determined, as and when the Company decides to issue other classes of shares.

3. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDER'S OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND:

The circumstance that may generally be considered by the Board before making any recommendations for the Dividend includes:

- Cost of raising funds from alternative sources.
- Whenever the Company has incurred losses or there is inadequacy of profits.
- Whenever the Company undertakes any acquisitions or enters into joint ventures requiring significant allocation of capital.
- Future capital expenditure plans.
- Profits earned during the financial year.
- Cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time.
- Any of the below referred internal or external factors, including any regulatory restriction, if any, restraining the Company from considering dividend.

4. FINANCIAL PARAMETERS:

Dividend shall be declared or paid only out of profits computed as per the applicable provisions of the act and rules made thereunder and other applicable laws.

5. INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND:

- Distributable surplus available as per the Act, Rules and Regulations;
- The Company's liquidity position and future cash flow needs;
- Trend of dividends paid in the past years by the Company;
- Payout ratios of comparable companies;
- Industry outlook and stage of business cycle for underlying businesses;
- Prevailing Taxation Policy or any amendments expected thereof, with respect to Dividend distribution;



- Loan repayment and working capital requirements;
- Cost and availability of alternative sources of financing;
- Capital expenditure requirements considering the expansion and acquisition opportunities;
- Any windfall, extra-ordinary or abnormal gains made by the Company;
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.

6. UTILIZATION OF RETAINED EARNINGS:

Retained earnings will be used for the Company's growth plans, expected capital adequacy/liquidity requirements, debt repayments and other contingencies.

7. REVIEW:

The Board is authorized to review/amend this policy from time to time at its sole discretion and/or subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time.

8. DISCLOSURES:

The Dividend Distribution Policy (as amended from time to time) shall be disclosed in the Company's Annual Report and will be available on the website of the Company (www.mas.co.in)

Annexure - F

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

[Pursuant to clause (o) of Sub-Section 3 of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

Corporate Social Responsibility is a Company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken is available on the website of the Company: <https://www.mas.co.in/policy.aspx>

2. The Composition of CSR Committee:

The Company's CSR Committee consists of two Executive Directors and one Independent Director of the Company, and is chaired by a Whole Time Director. The composition of the Committee is set out below:

Sr. No	DIN	Name of the Directors	Designation
1	00187086	Mr. Mukesh Gandhi	Whole time Director & CFO
2	07610402	Mrs. Darshana Pandya	Director & CEO
3	00393346	Prof. Bala Bhaskaran	Independent Director

3. Average net profit of the Company for last three financial years: ₹ 1,650,182,447 /-
4. Prescribed CSR Expenditure (two percent of amount stated in item 3 above): ₹ 33,003,649 /-
5. Details of CSR spent during Financial year 2019-20:

(a) Total amount to be spent for Financial Year: ₹ 33,003,649 /-

(b) Amount unspent, if any: ₹ 27,612,975.82/-

(c) Manner in which amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the project is covered (As per Schedule VII of Companies Act, 2013)	Projects or programs 1) Local area or other 2) Specify the states and district where the project was undertaken	Amount outlay (budget) – project or program wise (Amount in ₹)	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on project or program (2) overhead (Amount in ₹)	Cumulative expenditure upto the reporting period (Amount in ₹)	Amount spent – Direct or through implementing agency
1.	The Company has sponsored school fees, school bags, stationeries, school uniforms for students undergoing higher studies, have constructed roof and shed in schools to provide basic infrastructure to students, provided RO Plant – Badalpur School.	Promoting education and Drinking water including special education and enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	1. Local Area 2. Gujarat	50,00,000/-	47,90,673.18/-	47,90,673.18/-	Direct



Sr. No.	CSR project or activity identified	Sector in which the project is covered (As per Schedule VII of Companies Act, 2013)	Projects or programs 1) Local area or other 2) Specify the states and district where the project was undertaken	Amount outlay (budget) – project or program wise (Amount in ₹)	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on project or program (2) overhead (Amount in ₹)	Cumulative expenditure upto the reporting period (Amount in ₹)	Amount spent – Direct or through implementing agency
2.	The company has contributed for the treatment and welfare of cancer patients at Gujarat Cancer Society.	Promoting health care	1. Local Area 2. Gujarat	7,00,000/-	6,00,000/-	6,00,000/-	Direct
Total				57,00,000/-	53,90,673.18/-	53,90,673.18/-	Direct

6. In case the Company has failed to spend the two per cent of the average net profit of the last three immediately preceding financial year or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

As a part of CSR initiative, your Company has identified many bright students from more than 20 Schools who have completed their 8th Standard and wish to pursue their higher studies but are financially challenged and cannot afford basic requirements. The Company has sponsored the fees, school bags, stationeries, school uniforms to students for undergoing higher studies. Your company believes that education is one of the most important investments which can create positive impact on society. Also, the Company has started constructing roof and shed to provide basic infrastructure to children in schools.

The Company has identified places where people were not getting fresh drinking water. In order to develop rural area and promoting health and sanitation Company installed RO Plant in Badalpur School.

The Company has contributed for the welfare and treatment of cancer patients at Gujarat Cancer Society, Ahmedabad.

It is Company's continuous endeavor to increase its CSR impact and spend over the coming years, supplemented by its continued focus towards rural development, promoting health and sanitation. Company is trying to explore more and more students to ensure that benefits reaches directly to the needed students and the process is likely to take some more time to enable the Company to spend the entire required amount to be spent for CSR as per the provisions of Companies Act, 2013.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The CSR Committee confirms that implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

For and on behalf of the Board of Directors of
HAAS FINANCIAL SERVICES LIMITED

Mukesh Gandhi
Whole-time Director & CFO
Chairman of CSR Committee
DIN: 00187086

Darshana Pandya
Director & CEO
Member of CSR Committee
DIN: 07610402

Date: 11th November, 2020

Place: Ahmedabad

Annexure - G

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with
rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries
/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	HAS RURAL HOUSING & MORTGAGE FINANCE LIMITED
2.	The date since when subsidiary was acquired	10/10/2007
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Financial Year 2019-2020 (01.04.2019 to 31.03.2020)
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
5.	Share capital	*Authorised: ₹ 35,00,00,000/- **Paid up : ₹ 31,22,64,040/-
6.	Other Equity	₹ 31,61,21,389 /-
7.	Total assets	₹ 2,79,37,27,281/-
8.	Total Liabilities	₹ 2,26,53,41,852 /-
9.	Investments	Nil
10.	Turnover	₹ 39,88,47,716 /-
11.	Profit before taxation	₹ 4,24,58,586 /-
12.	Provision for taxation	₹ 1,01,33,581 /-
13.	Profit after taxation	₹ 3,23,25,005 /-
14.	Proposed Dividend	₹ 43,30,342.80/-
15.	% of shareholding	59.67%

* Change in authorized share capital with effect from August 29, 2019.

**Change in paid up capital with effect from September 12, 2019.

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations – NIL
- Names of subsidiaries which have been liquidated or sold during the year – NIL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1. Name of associates/Joint Ventures	N.A.
2. Latest audited Balance Sheet Date	N.A.
3. Shares of Associate/Joint Ventures held by the company on the year end Number Amount of Investment in Associates/Joint Venture Extend of Holding%	N.A.
4. Description of how there is significant influence	N.A.
5. Reason why the associate/joint venture is not consolidated	N.A.
6. Net worth attributable to shareholding as per latest audited Balance Sheet	N.A.
7. Profit/Loss for the year	
(i) Considered in Consolidation	N.A.
(ii) Not Considered in Consolidation	N.A.

- Names of associates or joint ventures which are yet to commence operations: NIL
- 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
 **FINANCIAL SERVICES LIMITED**

Kamlesh C. Gandhi
Chairman & Managing Director
(DIN: 00044852)

Mukesh C. Gandhi
Whole time Director & CFO
(DIN: 00187086)

Date: 11th November, 2020
Place: Ahmedabad

Darshana S. Pandya
Director & CEO
(DIN: 07610402)

Riddhi B. Bhayani
Company Secretary & Compliance Officer
Membership No.: A41206

Annexure - H

Particulars of Employees (pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended)

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rules made there under:

A. Information as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

1. The ratio of remuneration of each director to the median remuneration of employees of the Company for the financial year 2019-20:

Sr. No.	Name	Designation	Nature of Payment	Ratio against median employee's remuneration
1.	Mr. Kamlesh Gandhi	Chairman and Managing Director	Remuneration	353.72 : 1
2.	Mr. Mukesh Gandhi	Whole-time Director and Chief Financial Officer	Remuneration	353.24 : 1
3.	Mrs. Darshana Pandya*	Director and Chief Executive Officer	Remuneration	13.66 : 1
4.	Mr. Bala Bhaskaran	Independent Director	Sitting Fees	0.73 : 1
5.	Mr. Chetan Shah	Independent Director	Sitting Fees	0.98 : 1
6.	Mr. Umesh Shah	Independent Director	Sitting Fees	0.82 : 1
7.	Mrs. Daksha Shah**	Woman Independent Director	Sitting Fees	0.31 : 1

2. The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2019-20:

Sr. No.	Name	Designation	Nature of Payment	Percentage Increase over previous year
1.	Mr. Kamlesh Gandhi	Chairman and Managing Director	Remuneration	17.72%
2.	Mr. Mukesh Gandhi	Whole-time Director and Chief Financial Officer	Remuneration	17.66%
3.	Mrs. Darshana Pandya*	Director and Chief Executive Officer	Remuneration	4.34%
4.	Mr. Bala Bhaskaran	Independent Director	Sitting Fees	Nil [#]
5.	Mr. Chetan Shah	Independent Director	Sitting Fees	Nil [#]
6.	Mr. Umesh Shah	Independent Director	Sitting Fees	Nil [#]
7.	Mrs. Daksha Shah**	Woman Independent Director	Sitting Fees	Nil [#]
8.	Ms. Riddhi Bhayani	Company Secretary and Compliance Officer	Remuneration	16.55%
9.	Mr. Ankit Jain* [#]	Chief Financial Officer	Remuneration	33.14%

* 1. Mrs. Darshana Pandya was appointed as Whole time Director w.e.f. 31.07.2019 by the Board of Directors at its meeting held on 31.07.2019, subject to the approval of members at this ensuing general meeting.

2. Mrs. Darshana Pandya was appointed as Chief Executive Officer w.e.f. 06.11.2019 by the Board of Directors at its meeting held on 06.11.2019.

** Mrs. Daksha Shah was re-appointed as Woman Independent Director for a second term of five years w.e.f. 14.03.2020.

[#] Independent Director are paid fixed sitting fees, and the sitting fees being paid to independent directors was revised from ₹ 10,000/- to ₹ 15,000 per meeting for attending Board meeting and from ₹ 10,000/- to ₹ 5,000/- per meeting for attending Committee meeting w.e.f. 01.04.2019 as approved by Board of Directors at its meeting held on 31.07.2020.

*[#] Mr. Ankit Jain was appointed as Chief Financial Officer w.e.f. 06.11.2019 by the Board of Directors at its meeting held on 06.11.2019.

Note: The percentage increase over previous year is given only if there is an increase in the payment and the person acted in the same capacity for the year ended on 31st March, 2020 and 31st March, 2019, except for Mrs. Darshana Pandya been promoted to and appointed as Whole-time Director and Chief Executive Officer and Mr. Ankit Jain been promoted to and appointed as Chief Financial Officer during the FY 2019-20.

3. The percentage increase in the median remuneration of employees in the financial year: The median remuneration of employees was increased by 9.45% over a previous year.

4. The number of permanent employees on the rolls of the Company: 887 Employees

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: The Average salaries of the employees of the Company were increased by 15.71% while the Managerial remuneration increased by 17.41% in the current year. Annual increments, if any, are decided by the Nomination and Remuneration Committee within the salary scale approved by the members and are effective from April 1, of each year.

**Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

- a) The Company does not have any employees who is drawing remuneration in excess of limit prescribed under section 197(12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

List of top ten employees in terms of remuneration drawn:

Sr. No.	Name of Employee	Designation	Remuneration (₹ in lakh)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Age	Last Employment	Number of equity shares of the Company held by employee	Relative of any Directors
1	Mr. Saumil Dipakbhai Pandya	President & Head Retail Assets	49.39	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/08/1996	48	--	14,257 shares* (0.0261%)	Husband of Mrs. Darshana Pandya
2	Mr. Dipak M. Dangar	COO - Retail Asset Channel	29.30	On roll	B.E. Chemical & MBA Finance Has more than 1 decade of experience	26/05/2008	37	--	4 shares (Negligible Holding)	--
3	Mr. Ankit T. Jain	Chief Financial Officer	29.30	On roll	M.B.A. Finance Has more than 1 decade of experience	01/04/2010	33	--	25 shares (Negligible Holding)	--
4	Mr. Sunil Shah	Head Portfolio	27.00	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/07/1998	49	--	488 shares (0.0009%)	--
5	Mr. Gaurang Arvindbhai Kasudia	Head - MIS	26.99	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/08/1996	44	--	338 shares (0.0006%)	--
6	Mr. Bhavesh D. Patel	Head - Accounts	26.99	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/04/2004	39	Nishu Accounts Consultancy	338 shares (0.0006%)	--
7	Mr. Nishant Jain	Chief Risk Officer	25.30	On roll	Chartered Accountant Has more than 8 years of experience	03/05/2018	32	Jain Sons Finlease Limited	--	--
8	Mr. Dhvanil K. Gandhi	B.D.M.	21.75	On roll	Bachelors in Business Administration Has more than 5 Year of experience	20/07/2011	27	--	34619 shares (0.0633%)	Son of Mr. Kamlesh Gandhi
9	Mr. Ravi Mukeshbhai Shah	Credit Incharge	21.30	On roll	Bachelor of Commerce Has more than 2 decades of experience	01/12/1999	42	--	338 shares (0.0006%)	--
10	Mr. Rajen Shashikant Shah	Project In-Charge	19.80	On roll	MCA, B.Sc. Has more than 2 decades of experience	01/09/2003	46	Akar Laminators Limited	120 shares (0.0002%)	--

* Mr. Saumil Pandya, President & Head Retail Assets of the Company has purchased 574 equity shares of the Company i.e. 100 shares on 30.03.2020 & 474 shares 31.03.2020. However in BENPOS received from Registrar and Transfer Agent as on 31st March, 2020 reflected his holding as 13,683 shares excluding above bought shares as the same were in transit process.

Affirmation that the remuneration is as per the remuneration policy of the Company:

The Board of Directors of the Company affirmed that remuneration of all the Key Managerial Personnel of the Company are as per the Remuneration Policy of the Company.

FOR, ~~THE~~ FINANCIAL SERVICES LIMITED

Date : 11th November, 2020
Place : Ahmedabad

Mukesh C. Gandhi
Whole time Director & CFO
(DIN: 00187086)

Kamlesh C. Gandhi
Chairman & Managing Director
(DIN: 00044852)

Annexure - I

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC OVERVIEW

Global Economy

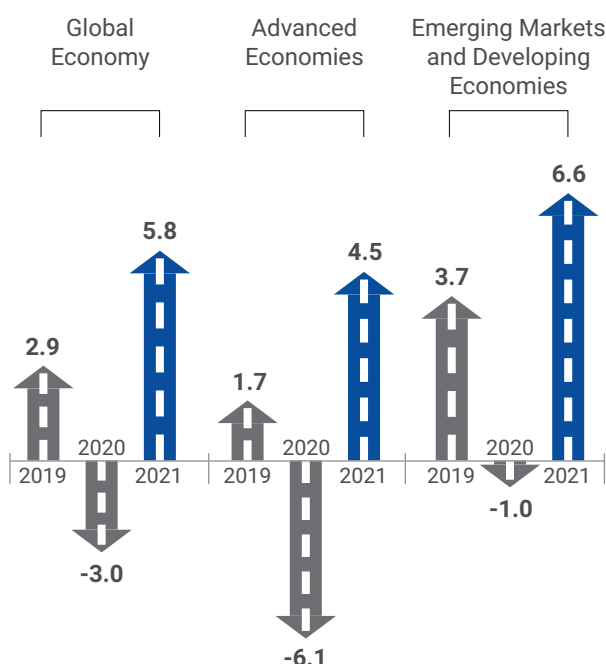
Global economy grew by 2.9% in 2019, as against 3.6% in 2018, as per the International Monetary Fund (IMF) estimates. The subdued growth is a consequence of elevated trade barriers, Brexit-related concerns, geopolitical tensions, and macroeconomic stress in several emerging economies. Despite the headwinds, conditions eased since the beginning of 2020 with positive developments in US-China trade negotiations, a successful Brexit, and continued monetary easing.

COVID-19 Impact

The outbreak of novel coronavirus (COVID-19) in the first quarter of 2020 posed fresh challenges for global activities and economies. The severe spread of the virus plunged the world economy into a recession, worse than the financial crisis a decade ago. As a result of the pandemic, global economy is expected to contract by 3% in 2020. A series of stimulus packages have been announced by major developed economies and financial institutions to limit the economic damage and stabilise markets. IMF predicts growth will rebound to 5.8% in 2021, with normalisation in economic activity helped by policy support.

WORLD ECONOMIC OUTLOOK APRIL 2020 GROWTH PROJECTIONS

The COVID-19 health crisis will have a severe impact on economic activity in 2020



(Source: IMF World Economic Outlook, April 2020)

Indian Economy

India's Gross Domestic Product (GDP) grew by 4.2% in FY 2019-20, compared to 6.1% growth clocked in FY 2018-19. Primary factors responsible for the deceleration in growth include global economic slowdown, subdued consumption and private investment, and liquidity constraints aggravated by the non-banking financial (NBFC) crisis. To give a boost to the economy, the Reserve Bank of India (RBI), in the year 2019, slashed the benchmark repo rate by 135 basis points (bps) to 5.15% in five successive rate cuts from February to October 2019, with significant easing of monetary policy.

The outbreak of COVID-19 has created unprecedented challenges for the Indian economy. Strict containment measures and the nationwide lockdown have stalled the economic activity and is expected to impact both consumption and investment. IMF has pegged economic growth at 1.9% for FY 2020-21 with potential downsides.

INDIA GDP (%)



(Source: IMF, 2020 Support Measures)

In July 2019, the Union Budget 2019-20 had articulated the vision of the Honourable Prime Minister to make India a US\$ 5 trillion economy by FY 2024-25. The march towards this milestone has, however, been challenged by less than expected growth of India's GDP so far this year, on the back of a decline in world output. Nonetheless, policymakers have been implementing substantial fiscal and monetary measures to support affected households and businesses. On the fiscal front, the government has rolled out a ₹ 1.7 trillion relief package for India's marginalised population to help them mitigate the challenges caused by the pandemic. Further, a mammoth ₹ 20 lakh crore economic relief package has also been announced to help the economy combat the COVID-19 crisis. In a bid to maintain financial stability, the RBI reduced the repo rate by a cumulative 115 bps to 4% and reverse repo rate by 155 bps to 3.35% since the beginning of the crisis to boost lending to the productive sectors. It also slashed the cash reserve ratio by 100 bps to release ₹ 1.37 lakh crore across the banking system. In addition, it allowed

commercial banks and non-banking finance companies to offer their customers a three-month moratorium on payment of instalments on their loans. Further, in May 2020, it extended such moratorium period by another three months to 31st August 2020. Growth is expected to recover to 7.4% in FY 2021-22, buoyed by fiscal and monetary stimulus.

INDUSTRY OVERVIEW

Financial Services Industry

The Indian banking and financial services industry plays an important role in driving growth of the Indian economy and expanding the credit market. Over the last decade, India's financing requirements have risen on the back of increasing population, rising incomes, and growing awareness and aspirations. The government and regulators have been taking proactive measures to strengthen the sector through favourable policies, promotion of financial inclusion and liquidity infusion, among others.

As per the rating agency ICRA, the incremental credit flow from banks stood at ₹ 5.9 trillion during FY 2019-20, almost half of ₹ 11.9 trillion in the previous year as muted economic growth curtailed fresh credit demand apart from increased risk aversion among lenders. While the near-term outlook in the light of the COVID-19 is likely to stay weak, the secular drivers to credit growth remain intact. Greater financial inclusion, increased demand for private consumption, spurt in digital lending, and initiatives boosting growth in retail loans will be the key growth drivers going forward.

NBFCs in India

Growth of non-banking financial companies (NBFCs) has been pivotal in fulfilling credit requirements of the unserved and underserved markets. NBFCs are considered as an

alternative to mainstream banking, providing credit access to unbanked customers. NBFCs, with their deep market understanding, unique business models and technology adoption, have the capability to widen credit access to the lower strata of the society and increase their reach and market share. Since September 2018, the sector has been facing liquidity and funding constraints following defaults of a few large NBFCs. However, the government and the RBI have been taking constant measures to improve systemic liquidity and strengthen the governance framework of NBFCs.

As of March 2020, NBFCs accounted for 20% of the overall systemic credit.

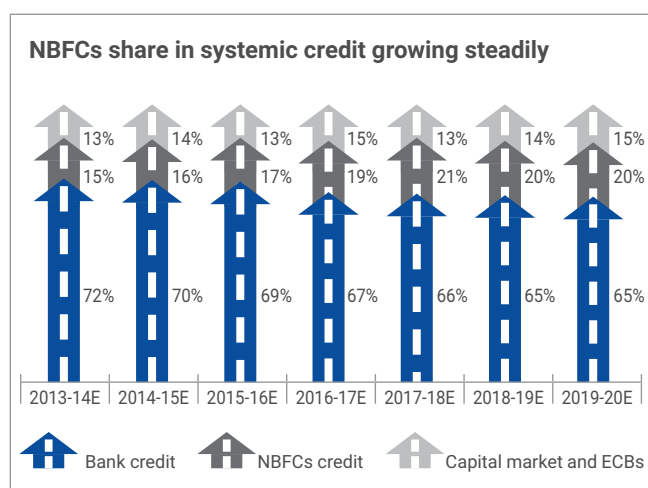
COVID-19 Impact and Support Measures

The COVID-19 outbreak and subsequent nationwide lockdown has severely impacted the disbursements, asset quality, and liquidity of NBFCs due to disruption in business activities. A recovery is likely in the second half of FY 2020-21; however, this depends on the overall economic turnaround. Meanwhile, the central bank and government have announced numerous liquidity-boosting measures to help banks, NBFCs, and other financial intermediaries to deal with the liquidity challenges caused by the pandemic.

Notable Announcements:

- Targeted Long-Term Repo Operations (TLTRO) of ₹ 50,000 crore to enable NBFCs to lend to micro segments of each sector in the economy.
- Special liquidity scheme of up to ₹ 30,000 crore for NBFCs, housing financiers and microfinanciers. Under this scheme, investments can be made in investment grade debt securities of non-bank and housing finance companies and microfinance institutions which will be fully guaranteed by the government.
- Extension of the partial credit guarantee scheme to cover lower-rated NBFCs. This scheme will result in liquidity to the tune of ₹ 45,000 crore, under which the 20% first loss guarantee will be borne by the government.

The outstanding credit of NBFCs increased at a CAGR of 13% from FY 2016-17 to FY 2019-20, however, NBFCs grew by 7% year-on-year in FY 2019-20. COVID-19 is expected to further slowdown loan book growth of NBFCs in the first half of FY 2020-21 amid lockdown. In the next three fiscals, NBFCs loan book is expected to grow at a CAGR of 5% to 7%.



Note :

- Banks' credit includes outstanding of private banks, public sector banks, Regional Rural Banks (RRBs), Cooperative banks and SFBs.
- Capital market borrowing and External Commercial Borrowing (ECB) includes corporate bond, commercial papers outstanding; but excludes amount raised by banks and NBFC.

Source: RBI, SEBI, Company Reports, CRISIL Research

Growth Drivers for NBFCs:

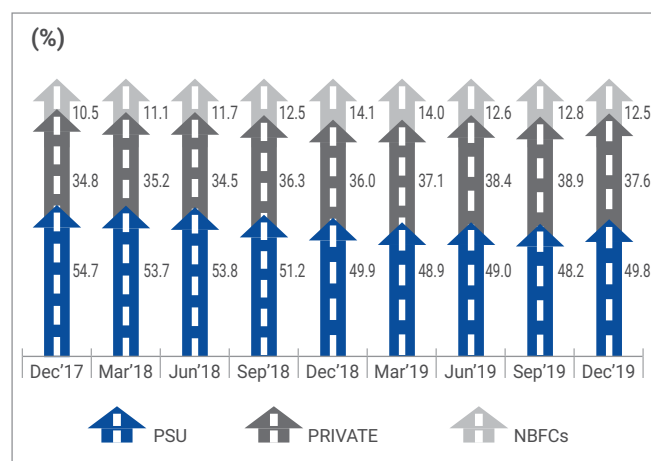
- Aggressive approach to tap the underserved segment
- Niche focus of NBFCs that are specialised in certain segments enabling increase in market share
- Understanding the market and customising the product to customer needs

- Higher loan-to-value as NBFCs offer higher amounts of loan against security as compared to banks
- Lower turnaround time as NBFCs are able to meet immediate funding requirements with faster loan processing systems

MSME Sector

MSMEs constitute an important part of the Indian economy as they significantly contribute to the country's overall GDP, manufacturing output, employment, and exports. The sector provides employment to over 120 million persons and contributes around 45% to the overall exports from India. With the growing number of MSMEs in India, access to adequate credit to enable them to meet their working capital needs and expand their businesses has become increasingly important. Over the past few years, the share of private banks and NBFCs in MSME lending has increased significantly, especially at the lower end. MSME lending has seen maximum disruption through differentiated business models, innovative approaches to credit underwriting, and offering of innovative products with a lower turnaround time.

Share of Lenders in MSME Sector



(Source: MSME Pulse, TransUnion CIBIL - April 2020)

However, the nationwide lockdown and slowdown in economic activity in the light of COVID-19 pandemic has created challenges for the MSME sector. The government and the RBI have implemented various policy measures to provide much-needed relief to the sector and encourage financial institutions to extend additional credit to MSMEs. Notable initiatives include announcement of setting up of a collateral-free automatic loan provision worth ₹ 3 lakh crore for MSMEs; in the form of a fully guaranteed emergency credit line; allocation of ₹ 20,000 crore as subordinate debt facility and a ₹ 50,000 crore equity infusion for MSMEs through Fund of Funds. The government also took the opportunity to revise the definition of MSMEs to include the additional criteria of turnover and eliminate the existing distinction between manufacturing and service units. Further, a company with investments up to ₹ 50 crore and turnover up to ₹ 250 crore can also be classified as a medium enterprise.

MSME classification*

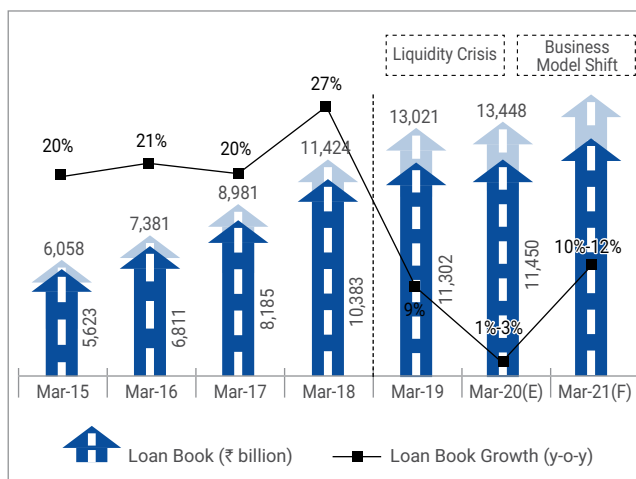
	Micro Enterprises	Small Enterprise	Medium Enterprise
Investment in Plant and Machinery or Equipment	<= ₹ 1 crore	<= ₹ 10 crore	<= ₹ 50 crore
Turnover	<= ₹ 5 crore	<= ₹ 50 crore	<= ₹ 250 crore

* New definition of MSME was announced in June 2020

Housing Finance

Housing is considered a vital engine for economic development. Rapid urbanisation, increasing income levels, emerging nuclearisation, and growing aspirations are the key growth drivers of the housing sector. With the country's mortgage being underpenetrated at nearly 10%, NBFCs and HFCs have taken advantage of this potential and have been the biggest drivers of housing finance growth. Moreover, NBFCs and HFCs with their strong origination skills, excellent customer service, and robust distribution model have been effective in tapping the home finance market.

Trend in AUM & loan book growth of HFCs



(Source: NHB, BWR Research)

The Indian housing finance market grew at a CAGR of 16% from FY 2014-15 to FY 2019-20 on account of a rise in disposable income, healthy demand and a greater number of players entering the segment. However, it is expected to grow at a slower pace of 2% to 3% in FY 2020-21 owing to economic implications of the COVID-19 pandemic. Post FY 2020-21, the market is expected to witness gradual recovery and grow at a CAGR of 11% over the next two years.

ICRA estimates the total outstanding housing credit at ₹ 20.7 lakh crore as on 31st December 2019, with COVID-19-induced slowdown seen impacting disbursements in the quarter ended March 2020. Asset quality of all segments of housing loans is expected to be impacted over the next few quarters. Moreover, affordable housing loans will witness increase in delinquencies over the medium term due to higher proportion of self-employed borrowers, as people defer their home purchase and home improvement decisions unless they achieve stability in income levels.

Several initiatives have been undertaken by the government to boost affordable housing under the Pradhan Mantri Awas Yojana (PMAY), with the aim of building 50 million houses in urban and rural India by 2022. Increasing affordability, supported by government incentives, has led to a spurt in home buying, particularly in the affordable housing segment. Till December 2019, the cumulative number of houses sanctioned under PMAY (U) and PMAY (G) was over 96 lakh and 98 lakh units, respectively.

Automobiles

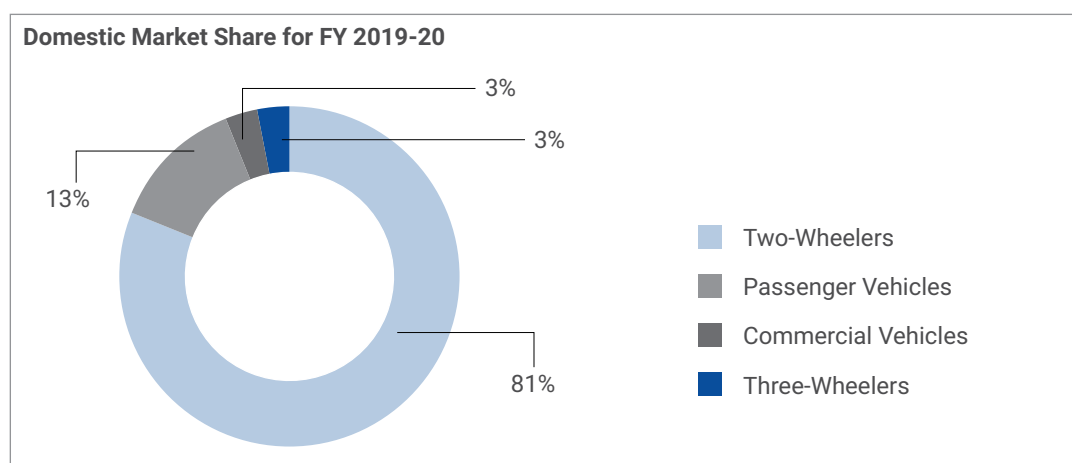
According to Society of Indian Automobile Manufacturers (SIAM), the automobile industry produced a total of 26,362,282 vehicles including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadricycles in FY 2019-20 as against 30,914,874 vehicles in FY 2018-19, registering a de-growth of 14.7% over the same period last year .

Automobile Production Trends

Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Passenger Vehicles	3,221,419	3,465,045	3,801,670	4,020,267	4,028,471	3,434,013
Commercial Vehicles	698,298	786,692	810,253	895,448	1,112,405	752,022
Three-Wheelers	949,019	934,104	783,721	1,022,181	1,268,833	1,133,858
Two-Wheelers	18,489,311	18,830,227	19,933,739	23,154,838	24,499,777	21,036,294
Quadricycle*		531	1,584	1,713	5,388	6,095
Grand Total	23,358,047	24,016,599	25,330,967	29,094,447	30,914,874	26,362,282

*Only October-March 2016 data is available for FY 2015-16

Source: SIAM



(Source: SIAM)

The adverse impact of tight financing environment, new axle load norms, higher insurance and ownership costs, and weak consumer sentiments due to the COVID-19 pandemic led to the overall slump in the automotive industry. Regulatory mandate of switching to newer safety and emission norms from April 2020 has significantly increased costs for the industry. While the pre-buying was expected during March 2020 before the BS VI norms were implemented, the nationwide lockdown eroded the potential demand. Macroeconomic headwinds coupled with prolonged economic slowdown will further dampen consumer demand and automobile sales.

Automobile Domestic Sales Trends

Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Passenger Vehicles	2,601,236	2,789,208	3,047,582	3,288,581	3,377,389	2,773,575
Commercial Vehicles	614,948	685,704	714,082	856,916	1,007,311	717,688
Three-Wheelers	532,626	538,208	511,879	635,698	701,005	636,569
Two-Wheelers	15,975,561	16,455,851	17,589,738	20,200,117	21,179,847	17,417,616
Quadricycle#		0	0	0	627	942
Grand Total	19,724,371	20,468,971	21,863,281	24,981,312	26,266,179	21,546,390

#Only August 2018 - March 2019 data is available for FY 2018-19

Source: SIAM

Nonetheless, easing of the lockdown and government stimulus package may revive consumer sentiments and boost automobiles market growth. Strong government focus on infrastructure and construction sectors, along with proposed incentive-based vehicle scrappage policy will be an important driving force for commercial vehicles. In two-wheelers, demand from rural areas is expected to outpace urban demand due to better rabi prospects and thrust on rural economy.

BUSINESS PERFORMANCE

HAAS is a diversified Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India (RBI). Since its inception in 1995, the Company is engaged in extending specialised retail financing services to the lower income and middle-income groups of the society. For over two decades, HAAS has been a part of the financial services sector, catering to the financially underserved masses spread across urban, semi-urban, and rural areas in the formal and informal sectors. The Company offers a wide range of retail finance products such as micro enterprise loans, SME loans, home loans, two-wheeler loans, used car loans, and commercial vehicle loans. A highly experienced management team, huge borrower base, diverse product mix, efficient liability management, and a well-spread branch network underpin the operations of the Company.

Distribution Network

HAAS believes in offering best-in-class services at the doorstep of its customers. Driven by this mission, it has established a strong distribution network of 105 branches in the major cities of Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Tamil Nadu, and Karnataka. Its robust network enables the Company to reach out to underserved masses in the hinterlands and ensure efficient last mile delivery of credit.

Further, HAAS has forged strong value chains by leveraging the distribution network of partner NBFC-MFIs, NBFCs, HFCs and franchisees to extend its financial services to the underpenetrated regions and Bottom of the Pyramid (BOP) segment. The aim of the Company is to address credit requirements and extend financial services to those who have been underserved or completely excluded by the formal financial sector.

As on 31st March 2020, HAAS caters to 7,00,000+ clients in more than 3,450 centres through its robust network of 105 branches.

Partnerships with Regional NBFCs and NBFC-MFIs

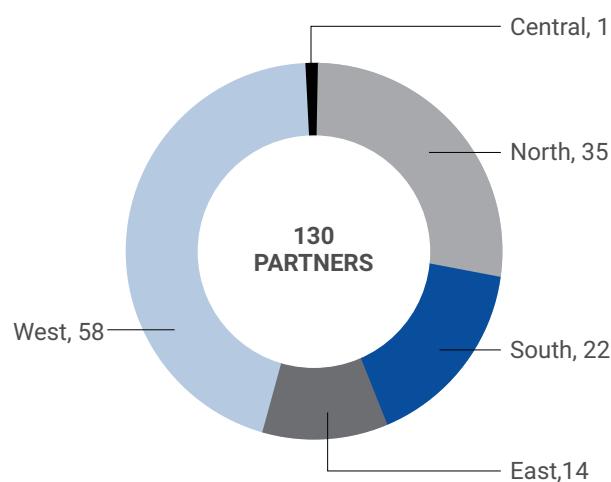
The Company's strategic model of partnering with NBFCs and NBFC-MFIs for distribution of its products in remote geographies, has ensured good success for HAAS, its partners, and customers over the years. The partners can leverage the Company's domain expertise and avail lines of credit offered, while the target clients gain access to formal

financial sector as per their requirements. Moreover, HAAS can enhance its customer base without sufficient investments in physical infrastructure. Additionally, regional players can undertake last mile credit delivery more effectively, and build stronger networks and customer trust.

The model has enabled the Company to scale business rapidly through partnership with NBFCs and NBFC-MFIs which has almost doubled over the last 5 years to reach 130 partners in FY 2019-20. With this, the Company has not only strengthened its presence pan-India but has also mitigated the risk of overdependence, thus resulting in more robust business model.

In FY 2019-20, AUM through partnership business stood at ₹ 3,497.58 crore, growing at a CAGR of 27.3% from ₹ 1,046.91 crore in FY 2014-15. Out of the 130 partners in FY 2019-20, more than 55% of the partners fall within the AUM range of ₹ 50 – ₹ 500 crore allowing the Company to reach larger customer base at remote geographies and dramatically reducing the turnaround time for extending credit to customers.

2019-20 (Regional NBFCs and NBFC-MFIs Partners)



In FY 2019-20, out of the 130 partner NBFCs and NBFC-MFIs – 20% partners maintained a healthy Capital Adequacy Ratio (CAR) in the range of 15%-20%, while 78% partners maintained a CAR of more than 20%, which is well above the threshold.

MSME Loans

Products Offered

Micro-Enterprise Loan (MEL)

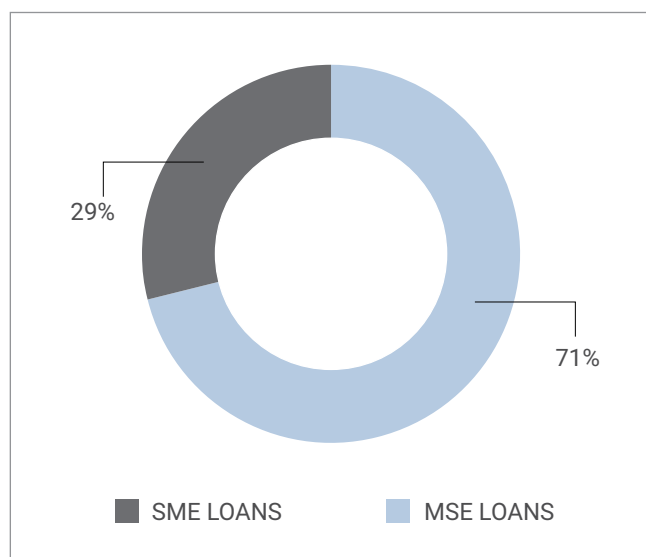
- Loans to small enterprises spread across 190 business categories including retailers, traders, small manufacturers, and service providers with turnover ranging from ₹ 25 lakhs to ₹ 5 crore.
- Loan ticket size ranges from ₹ 1 lakh to ₹ 50 lakhs.

Small & Medium Enterprises (SME) Loan

- Loans to small & medium enterprises, which are engaged in manufacturing, trading or services businesses for purchase of fixed assets like machinery or industrial property and also for their working capital requirements such as purchase of stock, replacing trade credit, etc.
- Loans of up to ₹ 2 crore is extended to these customers.

KEY HIGHLIGHTS: FY 2019-20

Committed to solving the financing difficulty of micro, small and medium enterprises, in FY 2019-20, **AA** provided loan amounting to ₹ 4,754.90 crore.



As on 31st March 2020, AUM for MSME loans business stood at ₹ 5,411.33 crore as compared to ₹ 4,714.74 crore as on 31st March 2019, registering a growth of 14.77%.

Two-Wheeler and Commercial Vehicle Loans

Products Offered

Two-Wheeler Loan

- Loans offered to farmers, self-employed businessmen and professionals, and salaried customers to purchase two-wheelers in urban, semi-urban, and rural areas.
- Loan ticket size ranges from ₹ 15,000 to ₹ 2 lakhs.

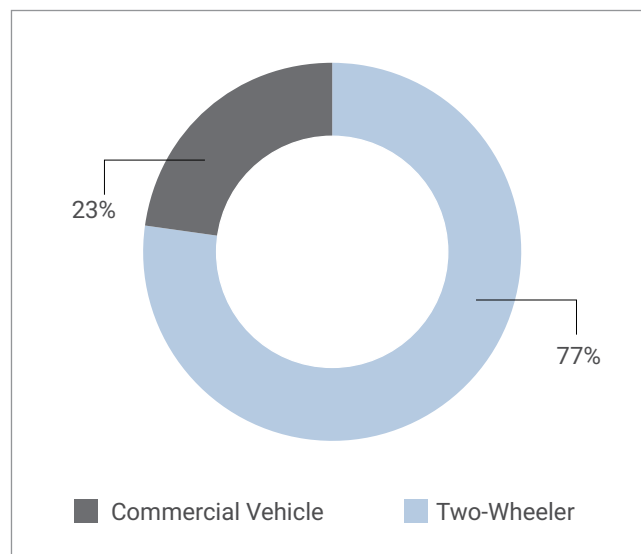
Commercial Vehicle Loan

- Loans provided for purchase of commercial vehicles or for captive usage in business.
- Loan ticket size for purchase of old/new commercial vehicle ranges from ₹ 50,000 to ₹ 5 lakhs.

KEY HIGHLIGHTS: FY 2019-20

AA assists individuals and businesses in fulfilling their dreams – be it buying a dream bike for personal use or expanding their transport/distribution business through critical addition of new and used commercial vehicles.

In FY 2019-20, **AA** provided loan amounting to ₹ 417.29 crore.



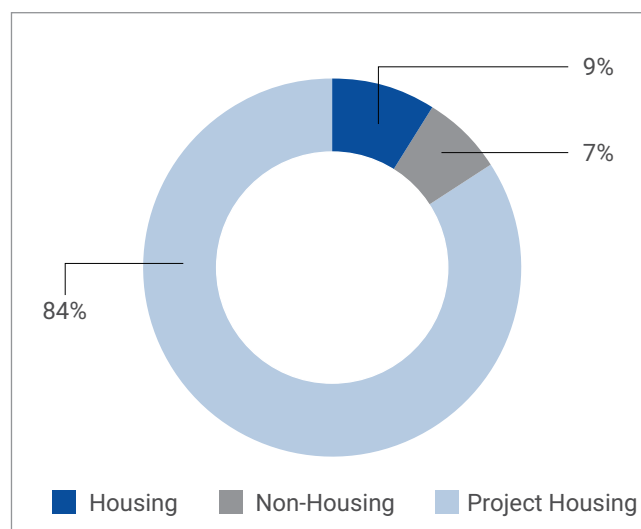
Assets under Management under Commercial Vehicle and Two-Wheeler Loans stood at ₹ 554.95 crore as on 31st March 2020 in comparison to ₹ 623.64 crore as on 31st March 2019, plunging year-on-year by 11.01%.

Housing Loans

AA Rural Housing & Mortgage Finance Ltd. (MRHMFL), a subsidiary of **AA** serves the middle- and lower-income segments of the country, especially in the semi-urban and rural areas. The Company offers housing loans to customers for purchase, construction or renovation of their homes.

KEY HIGHLIGHTS: FY 2019-20

In FY 2019-20, MRHMFL provided housing loan amounting to ₹ 92.08 crore.



As on 31st March 2020, AUM for housing loans business stood at ₹ 286.54 crore as compared to ₹ 270.24 crore as on 31st March 2019. This marked a growth of 6.03%.

FINANCIAL PERFORMANCE

(Amount in ₹ Lakhs)

Particulars	Standalone		Consolidated	
	Year Ended on 31 st March, 2020	Year Ended on 31 st March, 2019	Year Ended on 31 st March, 2020	Year Ended on 31 st March, 2019
Revenue from Operations	68,239.78	57,233.34	72,205.89	60,457.65
Other Income	71.75	24.68	35.91	12.01
Total Income	68,311.53	57,258.02	72,241.80	60,469.66
Total Expenditure	44,863.77	33,865.07	48,381.61	36,668.85
Profit Before Tax	23,447.76	23,392.95	23,860.19	23,800.81
Provision for Taxation (Including Current tax, Deferred Tax & Income Tax of earlier Years)	5,626.45	8,181.44	5,734.05	8,340.16
Net Profit	17,821.31	15,211.51	18,126.14	15,460.65
Profit Brought Forward	27,309.10	17,557.38	27,578.60	17,755.10
Net Profit after profit attributable to minority shareholders	-	-	17,995.76	15,353.69
Effect of changes in Group's interest	-	-	-	13.15
Item of other comprehensive income recognised directly in retained earnings - on defined benefit plan	(22.21)	(9.51)	(24.06)	(8.19)
Transition impact of Ind-AS 116	(10.31)	-	(12.45)	-
Profit Available for Appropriation	45,097.89	32,759.38	45,537.85	33,113.75
APPROPRIATIONS:				
Transfer to reserve u/s 45-IC of RBI Act, 1934	3,564.26	3,042.30	3,564.26	3,042.30
Transfer to reserve u/s 29-C of NHB Act, 1987	-	-	53.04	61.28
Final Dividend on equity shares	1,967.83	1,180.70	1,967.83	1,180.70
Interim Dividend on Equity Shares	4,372.96	819.93	4,372.96	819.93
Final Dividend on Preference shares	-	-	-	19.09
Dividend distribution tax on Equity Shares	1,307.26	407.35	1,308.56	407.91
Dividend distribution tax on Preference Shares	-	-	-	3.95
Surplus Balance carried to Balance Sheet	33,885.58	27,309.10	34,271.20	27,578.60

Details of significant changes in Key Financial Ratios

During FY 2019-20, there were no significant changes (changes exceeding 25% or more as compared to the immediately previous financial year) in Key Financial Ratios.

Details of changes in Return on Net Worth

For FY 2019-20, despite special COVID provisioning, the Company managed to maintain return on Net Worth at a robust level of 18.29% (FY 2018-19: 18.07%). Without the effect of special COVID provisioning, the Company's return on Net Worth for FY 2019-20 would have stood at 19.85%.

LIABILITY MANAGEMENT

Liability management is of utmost importance at HAAS. It is the bedrock of the Company's consistent strong performance and impeccable reputation of reliability and rectitude over the years. It enables HAAS to tide over the challenges in the industry as well as raise adequate liability as per regulatory requirements.

In the wake of the COVID-19 pandemic and the volatile markets, the Company also assessed its structural liquidity

for the period ended 31st March 2020 after taking into account the moratorium extended to its borrower under the RBI relief. Based on the assessment, the Company is comfortably placed to meet its repayment obligations and there is no negative impact on liquidity or cash flow. The Company has also made efforts, over the years, to forge strong bonds with leading banks and various financial institutions. It intends to leverage its strong reputation and fund management experience and expertise to deliver benefits for its clients and value for its stakeholders.

As on 31st May 2020, the Company had total liquidity buffer of around ₹ 700 crore and had unutilised cash credit facility of ₹ 700 crore. The Company has also applied for fresh sanctions from its existing lenders as well as under the various schemes launched by Reserve Bank of India and Government of India.

RESOURCE MOBILISATION

Share Capital

As on 31st March 2020, the issued and paid-up Equity Share Capital of the Company stood at ₹ 54,66,20,430 consisting of 5,46,62,043 Equity Shares of ₹ 10 each (As at 31st March 2019: 5,46,62,043 Equity Shares of ₹ 10 each)



- **Term loans**
For FY 2019-20, the Company availed term loans amounting to ₹ 929.50 crore with an average tenure of 4 years.
- **Assignment of loan portfolio**
The company derecognises certain portion of its loan portfolio through assignments. During FY 2019-20, the Company assigned a part of its loans portfolio amounting to ₹ 2,963.67 crore through various agreements with assignees.
- **Non-Convertible Debentures (NCDs)**
The Company had not issued any NCDs during FY 2019-20.
- **Commercial Paper (CP)**
For FY 2019-20, the Company had not issued any Commercial Paper (CP) or any short-term instrument.

CREDIT RATINGS

For FY 2019-20, the below credit rating was obtained from Acuité Ratings & Research on 6th March 2020.

- Acuité has reaffirmed its long-term rating of 'ACUITE AA-' (read as ACUITE double A minus) on the ₹ 3,200.00 crore bank facilities with 'Stable' Outlook.
- Acuité has assigned its long-term rating of 'ACUITE AA-' (read as ACUITE double A minus) on the ₹ 1,000.00 crore bank facilities with 'Stable' Outlook.
- Acuité has reaffirmed its short-term rating of 'ACUITE A1+' (read as ACUITE A one plus) on the ₹ 300.00 crore Commercial Paper Programme.

CAPITAL MANAGEMENT

Through a prudent capital management strategy, the Company constantly works towards maximising returns on capital employed. At the same time, it ensures that its strategy is within the purview of the guidelines laid down by the RBI. **MASS** aims to enhance its capital management practices towards strengthening its balance sheet.

CREDIT AND RISK MANAGEMENT

Effective risk management is an intrinsic part of the lending business. Risks may emerge from within the Company, due to its operations and strategy, or from external factors. **MASS** ensures efficient risk management through timely identification, assessment, and mitigation. The Company has put in place well-structured and tested risk mitigation policies and processes, such as robust credit models and operational systems to successfully manage the risks.

The Company's primary activity is lending to customers or counterparty and therefore the process of receivables

management is inherently exposed to various risks. Credit risk mainly arises from loans and advances to customer or counterparty who defaults on their contractual obligations resulting in financial loss to the company. To combat these risks, debtors are under the Company's surveillance and regular follow-ups for collection are executed. Further, to mitigate the risk of fluctuations in interest rates, **MASS** maintains sufficient spreads, offers relatively short tenure loans and resets lending rates periodically.

At the end of FY 2019-20, the net NPAs of the Company stood at 1.14% of total AUM.

The Company extends loans for an average tenure of 26 months. Besides, it has a diversified portfolio of borrowers within its business segments. The inter-segment and intra segment diversity applied to a very large market size, serves as a very potent protection against market risks that could occur due to various macro-economic developments. Nonetheless, the Company is constantly vigil to market developments and takes appropriate action from time to time to ensure that these changes do not adversely impact the operations of the Company.

OPPORTUNITIES & THREATS

Opportunities

- Diverse product mix and pan-India presence to accelerate growth
- Adequate capitalisation to support medium-term growth plans
- Strong brand presence among lower income and middle-income groups of the society spread across urban, semi urban, and rural areas
- Proven track record of catering to the MSME sector
- Government MSME initiatives to further boost the sector

Threats

- Increasing competition from local and global players
- Exposure to semi-formal and informal lending segment
- Unpredicted Government reforms due to COVID-19 pandemic

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Being in the lending business, the Company realises that the impact of internal risks could outweigh those of external risks as personnel of a company have the potential to influence a significant number of loans as compared to a single borrower. For this reason, internal control at **MASS** is a constantly evolving process. The Company from time to time strives to improve its internal control systems and operational efficiencies to enhance the quality of its portfolio.

The Company has well-defined internal control systems commensurate with the size and nature of its business. These internal controls are responsible for tracking the originators' activities, quality of logins and stringent credit checks and appraisal, which are evaluated on the basis of the portfolio quality. The Company takes a holistic view of the credit assessment process by framing credit screens based on reliable demographic data and strict adherence of the same with an element of adaptability. At the same time, there is no compromise on the fundamentals of extending credit where it is due. The internal audit department comprises both an internal as well as an external team to identify the gaps, while the risk and monitoring department is expected to periodically scrutinise various trends of the portfolio behaviour and macro developments.

Further, other considerable internal controls at HFS comprise constant monitoring of operational expenditure with an endeavour to bring it down through improved efficiencies rather than just focussing on reducing the expenditure. The efficacy and adequacy of internal controls and their execution are driven by the ethos of striving for constant improvement.

HUMAN RESOURCES

Employees are the most important asset of the Company and pivotal to the growth and success of the organisation. The HR policy of the Company focusses on attracting, retaining, and motivating the best talent in the industry to ensure achievement of business aspirations and objectives. It ensures that its employees adhere to the Company's culture and follow its values and principles. The promoters abide by the highest standards of corporate governance and are proactively involved in the management of the Company, with strategic inputs from an able and well-diversified board.

The key management team at HFS comprises a competent group of committed resources and is well-equipped to design strategies and execute them for sustainable growth of the Company. Majority of the team members have been with the Company since inception, constantly extending their relentless efforts as they align their personal objectives with those of the Company.

The Company constantly endeavours to strengthen its human resources and ensure that its work ethics and culture is followed by every employee. As on 31st March 2020, the employee strength of the Company stood at 887.

OUTLOOK

Over the last decade, NBFCs have assumed critical importance in the financial system. India's financing requirements have been rising significantly on the back of favourable demographics, increasing incomes, and growing awareness and aspirations. The NBFC sector has been growing from strength to strength by serving the underserved retail and MSME segments which are the backbone of India's growth story.

These sectors have been financially under-served or completely excluded by the formal financial sector, which has stalled their development. However, credit flow to these sectors has been growing with increasing participation of banks, NBFCs, and other financial institutions. NBFCs approach the target customer segments with innovative and customised lending products. They have developed efficient loan processing capabilities through the use of technology platform and cost-efficient processes, with an ability to offer faster loan turnaround time.

Going forward, the sector may witness subdued growth as demand for housing assets, consumer goods, micro finance, and working capital finance may remain weak in the light of the COVID-19 pandemic. However, the sector is expected to slowly pick up pace in the medium-to-long term as the measures taken by the government and the RBI have been reflective of the government support to the NBFC sector in order to promote economic growth.

Understanding customers' needs and their predicament, HFS has adopted measures to assist customers and meet their needs and remain a strategic partner that truly extends support, even during times of crisis.

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of HFS, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Company's Annual Report FY 2019-20.



Annexure - J

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company believes that effective Corporate Governance is not just the framework enforced by the regulation but it is supported through the principles of transparency, unity, integrity, spirit and responsibility towards the stakeholders, shareholders, employees and customers. Good Corporate Governance requires competence and capability levels to meet the expectations in managing the business and its resources and helps to achieve goals and objectives of the organization; It enhances long term Shareholders value through assisting the top management in taking sound business decisions and prudent financial management and achieving transparency and professionalism in all decisions and activities of the Company.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance and the Regulations of RBI for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated February 17, 2020 (the 'NBFC Regulations'), as applicable to the Company.

Good Corporate Governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the Company and its shareholders and should facilitate effective monitoring. The Company acutely and consistently reviews its systems, policies and internal controls with an objective to establish sound risk management system and impeccable internal control system.

BOARD OF DIRECTORS:

At the helm of the Company's Corporate Governance practice is its Board. The Board provides strategic guidance and independent views to the Company's senior management while discharging its fiduciary responsibilities. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfills stakeholder's aspirations and societal expectations.

CONSTITUTION OF BOARD:

- a) The Board of the Company comprises seven (7) Directors out of which two (2) are Promoter Executive Directors, one (1) is woman Executive Director, one (1) is woman Independent Director and Three (3) are non-promoter Independent Directors as on March 31, 2020. As on the date of this report, the Board comprises following Directors:

Name of Directors	Designation	Category	Date of Appointment	Total Directorship including this Company	No. of Committee Membership/ chairman in other Domestic company including this Company [^]		No. of Equity Shares held as on March 31, 2020
					Chairman#	Members ^{##}	
Mr. Kamlesh Chimanlal Gandhi	Chairman & Managing Director (Promoter)	Executive Director	25/05/1995	4	-	-	62,81,583*
Mr. Mukesh Chimanlal Gandhi	Whole-time Director & CFO (Promoter)	Executive Director	25/05/1995	5	-	2	1,61,55,814
Mrs. Darshana Saumil Pandya	Director & CEO	Executive Director	23/09/2016	2	-	-	15,434
Mr. Balabhaskaran	Independent Director	Non - Executive Director	25/05/1995	4	3	3	945
Mr. Chetan Ramniklal Shah	Independent Director	Non - Executive Director	06/06/2008	2	-	3	Nil
Mr. Umesh Rajanikant Shah	Independent Director	Non - Executive Director	21/12/2016	1	-	1	200
Mrs. Daksha Niranjana Shah	Independent Director	Non - Executive Director	14/03/2019	6	-	-	Nil

[^] Committee includes Audit Committee and Stakeholder Relationship Committee across all Public Companies.

Details of Chairman in Committees:

Director	Committee
Mr. Balabhaskaran	1. Audit Committee – HFS Financial Services Limited 2. Stakeholder Relationship Committee – HFS Financial Services Limited 3. Audit Committee – HFS Rural Housing & Mortgage Finance Limited

Details of Membership in Committees:

Name of Director	Membership in Committees
Mr. Mukesh Chimanlal Gandhi	1. Stakeholder Relationship Committee – HFS Financial Services Limited 2. Audit Committee – HFS Rural Housing & Mortgage Finance Limited
Mr. Balabhaskaran	1. Audit Committee – HFS Financial Services Limited 2. Stakeholder Relationship Committee – HFS Financial Services Limited 3. Audit Committee – HFS Rural Housing & Mortgage Finance Limited
Mr. Umesh Shah	1. Audit Committee – HFS Financial Services Limited
Mr. Chetan Shah	1. Audit Committee – HFS Financial Services Limited 2. Stakeholder Relationship Committee – HFS Financial Services Limited 3. Audit Committee – HFS Rural Housing & Mortgage Finance Limited

* Mr. Kamlesh Gandhi, Chairman & Managing Director (Promoter) of the Company has purchased the 4,250 equity shares of the Company consisting of 2,250 equity shares on 30/03/2020 & 2,000 equity shares on 31/03/2020. However, the said shares were not reflected under the BENPOS received from Registrar and Transfer Agent as the same were in transit process. Therefore, we are unable to mention the said shares in the shareholding pattern filed with Stock Exchanges for the quarter ended on 31st March, 2020.

None of the above Directors bear inter-se relation with other Directors except Mr. Kamlesh Gandhi and Mr. Mukesh Gandhi are brothers.

The composition of Board complies with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

None of the Directors on the Board holds directorships in more than eight listed companies and none of the Independent Director serves as an Independent Director on more than seven listed companies.

None of the Directors of Board is a member of more than ten Committees or Chairman of more than five committees across all the Public companies in which they are Director. The necessary disclosures regarding Committee positions have been made by all the Directors.

b) Names of the other listed entities where the person is a Director and the Category of Directorship:

Names of Directors	Name of the listed entities	Category of Directorship
Mrs. Daksha Shah	Sadbhav Infrastructure Project Limited	Non-Executive - Independent Director

Board Meeting:

Regular meetings of the Board are held at least once in a quarter, inter-alia, to review the quarterly results of the Company. Additional Board meetings are convened, as and when required, to discuss and decide on various business policies, strategies and other businesses. The Board meetings are held at registered office of the Company.

During the year under review, Board of Directors of the Company met 5 times, viz May 08, 2019, July 31, 2019, November 06, 2019, February 05, 2020 and February 19, 2020.



The details of attendance of each Director at the Board Meeting and Annual General Meeting are given below;

Name of Directors	No. of Board meeting held during the year (2019-20)	No. of Board Meeting attended during the year (2019-20)	Attended the previous AGM (Yes or No)
Mr. Kamlesh C. Gandhi	5	5	Yes
Mr. Mukesh C. Gandhi	5	5	Yes
Mrs. Darshana S. Pandya	5	5	Yes
Mr. Balabhaskaran	5	5	Yes
Mr. Chetan R. Shah	5	5	No
Mr. Umesh R. Shah	5	5	Yes
Mrs. Daksha N. Shah	5	5	Yes

Directorship & Membership of Board / Committees:

Name of Directors	Directorship	Category	*No. of Committees
Mr. Kamlesh Chimanlal Gandhi	1. H A S Financial Services Limited [#]	Executive Director	-
	2. H A S Rural Housing & Mortgage Finance Limited	Executive Director	-
	3. Prarthna Marketing Private Limited	Executive Director	-
	4. Swalamb Mass Financial Services Ltd	Executive Director	-
Mr. Mukesh Chimanlal Gandhi	1. H A S Financial Services Limited [#]	Executive Director	SRC Committee - Member
	2. H A S Rural Housing & Mortgage Finance Limited	Executive Director	Audit Committee - Member
	3. Swalamb Mass Financial Services Ltd	Executive Director	-
	4. Finance Industry Development Council	Executive Director	-
	5. Prarthna Marketing Private Limited	Executive Director	-
Mrs. Darshana Saumil Pandya	1. H A S Financial Services Limited [#]	Executive Director	-
	2. H A S Rural Housing & Mortgage Finance Limited	Executive Director	-
Mr. Balabhaskaran	1. H A S Financial Services Limited	Non - Executive Director	Audit Committee – Chairman Nomination & Remuneration Committee – Chairman SRC - Chairman
	2. H A S 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. H A S Financial Services Limited [#]	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee – Member SRC - Member
	2. H A S Rural Housing & Mortgage Finance Limited	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee - Member
Mr. Umesh Rajanikant Shah	1. H A S Financial Services Limited [#]	Non - Executive Director	Audit Committee – Member Nomination & Remuneration Committee – Member
Mrs. Daksha Niranjana Shah	1. H A S Financial Services Limited [#]	Non - Executive Director	-
	2. Saline Area Vitalisation Enterprise Limited	Non - Executive Director	-
	3. Sadbhav Infrastructure Project Limited [#]	Non - Executive Director	-
	4. Altura Financial Services Limited	Executive Director	-
	5. Sadbhav Udaipur Highway Private Limited	Additional Director	-
	6. Rohtak – Panipat Tollway Private Limited	Additional Director	-

*Committee includes Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee (SRC) across all Public Companies.

[#]Securities of the Entity are listed on Stock Exchange.

List of Matrix/chart of special skill

Sr. No.	Name of the Directors	Skills/Expertise identified by the Board	Specialization
1.	Mr. Kamlesh C. Gandhi	- Integrity, - Ability to function as Team, - Leadership Quality, - Commitment, - Future Vision & Innovation	He is Founder, chairman and managing director of the company. He manages the Company with the guidance and support of the Board. He is a proficient and experienced industry practitioner with a brilliant track record. He has over two decades managed and propelled the Company's growth. He holds Higher secondary school examination certificate from the Gujarat Secondary Education Board, Gandhinagar in 1983. His understanding and the vision is among the key enablers for the consistent performance of the Company.
2.	Mr. Mukesh C. Gandhi		He is Co-founder, Whole time director & CFO of the company. He has over 24 years of experience in the financial services sector, with our Company. He is actively involved in the strategic decisions of the company. He has substantial exposure to financial services. He is well-known industry expert and a popular public speaker on various issues in Finance. He is an academician and Chairman of Gujarat Finance Company Association & also the committee Member of Finance Industry Development Council (FIDC). He holds Bachelor's and Master's degrees in commerce from Gujarat University. He possesses all skills & expertise as required for the growth of the Company in future.
3.	Mrs. Darshana S. Pandya		She is having vast experience in Finance sector for past 23 years. She is a commerce graduate who joined the company in 1996 as a junior executive and through her hard work, immaculate working and determination to excel, accompanied by enabling support from the management; rose to the level of Director & CEO. She is very dedicated towards her roles & responsibilities. She is having good exposure in the Finance sector. During a career span of 23 years, she has successfully established and led many innovative services which have led the organization grow. (i.e. created value in the organization). She is responsible for leading the operations at HAS and also the relationship of the company with its more than 90 NBFC-MFI & NBFC Partners.
4.	Mr. Balabhaskaran		He has over 23 years of professional experience and has in the past held various positions with Shanti Business School as Director, PGDM, Gujarat Industrial Investment Corporation Limited as Senior Manager (Overseas Cell), Jyoti Limited as the Corporate Planning Officer, Bihar State Credit & Investment Corporation Private Limited as Development Officer, Indian Institute of Management as a researcher, Tata Merlin & Gerin Limited as Junior Engineer, Khira Steel Works Private Limited as Trainee Industrial Engineer, and Reunion Engineering Company Private Limited as Trainee Engineer. He holds a bachelor's of technology degree in electrical engineering (power) from Indian Institute of Technology, Madras, a post graduate diploma in management from Indian Institute of Management, Bangalore and a doctorate in management from Sardar Patel University. He is also a qualified chartered financial analyst registered with the Institute of Chartered Financial Analysts of India. The Company is benefitted from the valuable experience, knowledge and Expertise of Mr. Balabhaskaran.
5.	Mr. Chetan R. Shah		He has over 34 years of experience in the financial services sector and has in the past worked with the Natpur Co-operative Bank as the Manager – Finance. He holds bachelor's degrees in commerce and law (general) from Gujarat University and He is also a qualified chartered accountant registered with the Institute of Chartered Accountants of India. The Company is benefitted from the valuable experience, knowledge and Expertise of Mr. Chetan R. Shah.



Sr. No.	Name of the Directors	Skills/Expertise identified by the Board	Specialization
6.	Mr. Umesh R. Shah		He has more than five decades of experience in the diversified fields connected with Finance, Accounting, Auditing and Taxation. He is Bachelor of Commerce and Chartered Accountant holding membership of the Institute of the Chartered Accountants of India (ICAI) since 1980. The Company is benefitted from the valuable experience, knowledge and Expertise Mr. Umesh R. Shah.
7.	Mrs. Daksha N. Shah		She has rich experience of more than three decades in diversified fields of Textile, Chemical and Financial services. She worked as a Programme Director of Vikas Centre for Development and Friends of Women's World Banking by serving and building capacity of more than 80 Microfinance Organizations all over India. She has served on the Board of various MFIs as well as Trustee of various Trusts involved in social and humanitarian work. She worked as Managing Director of Pahal Financial Services Pvt. Ltd from 2011 to 2014. At present she is the Managing Director of Altura Financial Services Ltd since 2014. She is a business graduate from Indian Institute of Management (IIM), Ahmedabad, specializing in Finance and Marketing and also a student of Economics and Statistics. She has undergone various courses such as the course in Microfinance at the Economic Institute, Boulder, Colorado, USA. The Company is benefitted from the valuable experience, knowledge and Expertise of Mrs. Daksha N. Shah.

In the opinion of the Board, the independent directors fulfill the conditions specified in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are Independent of the Management.

No Independent Director has resigned before the expiry of their tenure during the year; therefore there is no requirement to make any disclosure in the said matter.

INDEPENDENT DIRECTORS AND EVALUATION OF DIRECTORS AND THE BOARD:

In terms of Section 149 of the Companies Act, 2013 and rules made there under, the Company has Four Non-Promoter Independent Directors in line with the Companies Act, 2013 and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms and conditions of appointment of Independent Directors and Code for Independent Directors are incorporated on the website of the Company at www.mas.co.in. The Company has received necessary declaration from each Independent Directors under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 alongwith in compliance in Rule 6 (1) and (3) of Companies (Appointment and Qualifications of Directors) Rules, 2014 as amended from time to time and Reg. 25 (8) & (9) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

With the objective of enhancing the effectiveness of the board, the Nomination and Remuneration Committee formulated

the methodology and criteria to evaluate the performance of the board and of each director. The evaluation of the performance of the board is based on the approved criteria such as the board composition, strategic planning, role of the Chairman, non-executive directors and other senior management, assessment of the timeliness and quality of the flow of information by the Company to the board and adherence to compliance and other regulatory issues.

A separate meeting of Independent Directors was held on 04/03/2020 to review the performance of Non-Independent Directors and Board as whole.

FAMILIARIZATION PROGRAMME:

The Company has adopted the Familiarization Programme to familiarize Independent Directors of the Company. The Company has held programmes for the Independent Directors and some of such programmes carried out during the year were as under:-

- Various presentations were made by the Senior Executives, Statutory Auditor inter alia, about the business of the Company and of its subsidiaries from time to time, on different functions and areas, with special reference to the nature of the industry in which these companies operate.
- Deliberations were held and presentations were made from time to time on major development in the areas of the Companies Act 2013, notifications including amendments in existing regulations issued by the Securities and Exchange Board of India (SEBI), and amendments in circular of Reserve Bank of India (RBI).

- The regular meeting of the Independent Directors is being held with Executive Directors to interact with the strategy, operation and functions of the Company. Further, the Independent Directors are provided with opportunity to interact with the Management of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.

The Company conducted Five (5) programmes during the year 2019-20 and the time spent by Independent Directors was in the range of 1- 2 hours.

It may be noted further that the independent directors of the Company being persons of great eminence and expertise were already well conversant with the business and functioning of the Company, as also with other aspects referred to in the above-said regulation. Further, considering the variety of programmes conducted for the independent directors, the particulars of number of programmes, numbers of hours spent in such programmes & such other details of familiarization programmes are not being provided separately.

The Familiarization Programme, as adopted by the Board, has been uploaded on the website of the Company at www.mas.co.in.

Details of Committees

A. AUDIT COMMITTEE:

The Company has formed audit committee in line with the provisions Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. Audit Committee meetings are generally held once in a quarter for the purpose of recommending the quarterly / half yearly / yearly financial result and the gap between two meetings did not exceed one hundred and twenty days. Additional meetings are held for the purpose of reviewing the specific item included in terms of reference of the Committee. During the year under review, Audit Committee met 4 (Four) times on May 07, 2019, July 30, 2019, November 5, 2019, and February 5, 2020.

The composition of the Committee and the details of meetings attended by its members are given below:

Name	Designation	Number of meetings during the financial year 2019-20	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	3
Mr. Chetan Shah	Member	4	4
Mr. Umesh Shah	Member	4	4

The Statutory Auditors and Internal Auditors of the Company are invited in the meeting of the Committee wherever required. Mr. Mukesh Gandhi, Whole-time Director & CFO of the Company is a regular invitee at the Meeting.

Mr. Balabhaskaran, the Chairman of the Audit Committee had attended last Annual General Meeting of the Company held on June 26, 2019.

The Company Secretary & Compliance Officer acts as the Secretary to the Committee.

Recommendations of Audit Committee have been accepted by the Board of wherever/whenever given.

A. Broad terms of Reference:

The role of the audit committee shall include the following:

- (1) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;



- (5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - (6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
 - (7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
 - (8) Approval or any subsequent modification of transactions of the listed entity with related parties;
 - (9) Scrutiny of inter-corporate loans and investments;
 - (10) Valuation of undertakings or assets of the listed entity, wherever it is necessary;
 - (11) Evaluation of internal financial controls and risk management systems;
 - (12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - (13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - (14) Discussion with internal auditors of any significant findings and follow up there on;
 - (15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - (16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - (17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - (18) To review the functioning of the whistle blower mechanism;
 - (19) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
 - (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
 - (21) reviewing the utilization of loans and/ or advances from/investment by the holding Company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
 - (22) The Committee shall review compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.
- B. The audit committee shall mandatorily review the following information:**
1. management discussion and analysis of financial condition and results of operations;
 2. statement of significant related party transactions (as defined by the audit committee), submitted by management;
 3. management letters / letters of internal control weaknesses issued by the statutory auditors;
 4. internal audit reports relating to internal control weaknesses; and
 5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
 6. statement of deviations:
 - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
- B. NOMINATION AND REMUNERATION COMMITTEE:**
- The Company has formed Nomination and Remuneration Committee in line with the provisions Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements). Nomination and Remuneration Committee meetings are generally held for identifying the person who is qualified to become Director or Key Managerial Personnel and may be appointed in senior management and recommending their appointments and removal. During the year under review, Nomination and Remuneration Committee met 4 (Four) times on May 07, 2019, July 30, 2019, November 5, 2019, and February 5, 2020.

The composition of the Committee and the details of meetings attended by its members are given below:

Name	Designation	Number of meetings during the financial year 2019-20	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	3
Mr. Chetan Shah	Member	4	4
Mr. Umesh Shah	Member	4	4

Broad terms of reference:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. devising a policy on diversity of board of directors;
4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. recommend to the board, all remuneration, in whatever form, payable to senior management.

Remuneration of Directors:

The Company has not entered into any pecuniary relationship or transactions with Non-Executive Directors of the Company.

Further, criteria for making payment, if any, to non-executive directors are provided under the Nomination and Remuneration Policy of the Company which is hosted on the website of the Company viz <https://www.mas.co.in/policy.aspx>.

During the year under review, the Company has paid remuneration to Executive Directors of the Company, details of which are as under:

Sr. No.	Name of Directors	Designation	Component of payment	Remuneration paid (₹ In lakhs.)
1.	Mr. Kamlesh Gandhi	Chairman & Managing Director	Salary	846.14
2.	Mr. Mukesh Gandhi	Whole-Time Director & CFO	Salary	844.98
3.	Mrs. Darshana Pandya	Director & CEO	Salary	32.68

During the year under review, the Company has paid Sitting fees to Non – Executive Independent Directors of the Company, details of which are as under:

Sr. No.	Name of Directors	(₹)
1.	Mr. Bala Bhaskaran	1,75,000/-
2.	Mr. Chetan Shah	2,35,000/-
3.	Mr. Umesh Shah	1,95,000/-
4.	Mrs. Daksha Shah	75,000/-

The remuneration of the Executive Directors is decided by the Nomination and Remuneration Committee based on the performance of the Company in accordance with the Nomination and Remuneration Policy within the limit approved by the Board or Members.

Further, the Independent Directors are paid fixed sitting fees i.e. ₹ 10,000/- per committee meeting & ₹ 15,000/- per Board meeting.

No other performance linked incentives or any other fees are paid to any of the Directors.

The Company has not entered into any Service Contract with the Directors, except agreement with the Managing Director entered with Mr. Kamlesh C. Gandhi and whole-time agreement with Mr. Mukesh C. Gandhi who is the Whole-time Director of the Company.

The Notice Period of the Executive Directors of the Company is 6 months. Further, there is no notice period for the Independent Directors of the Company.

The Company does not pay any severance fees to any of the Directors.

Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable: Not Applicable.

C. STAKEHOLDER'S RELATIONSHIP COMMITTEE:

The Company has constituted Stakeholder's Relationship Committee mainly to focus on the redressal of Shareholders' / Investors' Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; etc.

During the year under review, Stakeholder's Relationship Committee met 4 (Four) times on May 07, 2019, July 30, 2019, November 5, 2019, and February 5, 2020.

The composition of the Committee and the details of meetings attended by its members are given below:

Name	Designation	Number of meetings during the financial year 2019-20	
		Held	Attended
Mr. Balabhaskaran	Chairman	4	3
Mr. Mukesh Gandhi	Member	4	4
Mr. Chetan Shah	Member	4	4

**Complaint**

During the year, the Company had not received any complaints from the Shareholders of the Company. Therefore there was no complaint pending as on March 31, 2020.

Mr. Balabhaskaran, the Chairman of the Committee had attended last Annual General Meeting of the Company held on June 26, 2019.

Investor Grievances Officer

Ms. Riddhi Bhaveshbhai Bhayani
Company Secretary and Compliance Officer
6, Narayan Chambers, Ground Floor,
Behind Patang Hotel, Ashram Road,
Ahmedabad – 380 009
E-Mail: greivance@mas.co.in
Phone: +91-79-41106638

Broad terms of reference:

1. Resolving the grievances of the security holders including complaints related to transfer/transmission of shares, non-receipt of annual

report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;

2. Review of measures taken for effective exercise of voting rights by shareholders;
3. The equity shares of the Company are compulsorily traded in electronic form on the stock exchanges and hence the handling of physical transfer of shares is minimal, the Company has no transfers pending at the closure of the financial year. The Committee shall also review services rendered by the Registrar & Share Transfer Agent;
4. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent; and
5. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

D. GENERAL BODY MEETINGS

- a. Annual General Meetings:

Financial Year	Date	Location of Meeting	Time	No. of Special Resolutions passed
2018-19	June 26, 2019	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	10.00 A.M.	4
2017-18	June, 27, 2018	Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	10.00 A.M	2
2016-17	June, 21, 2017	Registered Office: 5 th Floor Narayan Chambers, B/H Patang Hotel Ashram Road, Ahmedabad – 380 006, Gujarat	11.00 A.M.	2

Following Special Resolutions were passed through E-voting and poll, as per the procedure prescribed under Section 108 & Section 109 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2011 under the overall supervision of the Scrutinizer, Mr. Ravi Kapoor, Practicing Company Secretary.

Resolution(s)	Details of Resolution(s)	Resolution(s) Passed on	Total No. of votes in favour	Total No. of votes against	% of votes in favour	% of votes against
Special	Re-appointment Mr. Kamlesh C. Gandhi (DIN: 00044852) as the Managing Director of the Company for a term of 5 years.	June 26, 2019	50351192	1228	99.9976	0.0024
Special	Re-appointment Mr. Mukesh C. Gandhi (DIN: 00187086) as the Whole time Director of the Company for a term of 5 years.	June 26, 2019	50351192	1228	99.9976	0.0024
Special	Re-appointment Mr. Balabhaskaran (DIN: 00393346) as an Independent Director of the Company for a term of 5 years.	June 26, 2019	50285692	66728	99.8675	0.1325

Resolution(s)	Details of Resolution(s)	Resolution(s) Passed on	Total No. of votes in favour	Total No. of votes against	% of votes in favour	% of votes against
Special	Re-appointment Mr. Chetan Shah (DIN: 02213542) as an Independent Director of the Company for a term of 5 years.	June 26, 2019	49602404	535819	98.9313	1.0687
Special	Approval for increasing the Borrowing Powers under Section 180(1)(c) upto ₹ 5,000 crores.	June 27, 2018	46271477	214241	99.5391	0.4609
Special	Approval for creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a).	June 27, 2018	46271209	214209	99.5392	0.4608
Special	Approval for increasing the Borrowing Powers under Section 180(1)(c) upto ₹ 3500 crores.	June 21, 2017	10	0	100.00	0.00
Special	Approval for creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a).	June 21, 2017	10	0	100.00	0.00

All of the aforesaid resolutions were passed by the shareholders by overwhelming and requisite majority.

- b. **Special Resolution passed through Postal Ballot during FY 2019-20:** On 14th March, 2020, one special resolution was passed through postal ballot alongwith e-voting with respect to re-appointment Mrs. Daksha Niranjana Shah (DIN: 00376899) as a Woman Independent Director of the Company for a second term of five years.

M/s. Ravi Kapoor & Associates (Membership No. FCS 2587), was appointed as scrutinizer for conducting the postal ballot in a fair and transparent manner. Details of voting on the resolution is as follows:

Resolution	Details of Resolution	Resolution Passed on	Total No. of votes in favour	Total No. of votes against	% of votes in favour	% of votes against
Special	Re-appointment of Mrs. Daksha Niranjana Shah (DIN: 00376899) as Woman Independent Director of the Company for a second term of 5 years.	March 14, 2020	44578328	150077	99.6645	0.3355

The aforesaid resolution was passed by the shareholders by overwhelming and requisite majority.

Procedure for postal ballot

Pursuant to the provisions of the Act and the Listing Regulations, the Company provided facility to the members to exercise votes through electronic voting system ('remote e-voting'), in addition to physical ballot. Postal ballot notices and forms were dispatched along with the postage pre-paid business reply envelope to members/beneficial owners through email at their registered email IDs and through physical copy to the members who have not registered their email IDs. The Company also published notice in the newspapers for the information of the members. Voting rights were reckoned on the equity shares held by the members as on the cut-off date 7th February, 2020. Pursuant to the provisions of the Act, the Company appointed M/s. Ravi Kapoor & Associates (Membership No. FCS 2587), scrutiner for conducting the postal ballot process in a fair and transparent manner. The scrutiner submitted his consolidated report to the Chairman and the voting results were announced by the Company by placing the same alongwith the scrutiner's report on the Company's website, besides being communicated to the stock exchanges on 16th March, 2020. The resolution, was passed with requisite majority, and the date of passing the same shall be deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or remote e-voting i.e. 14th March, 2020.

- c. **As on date of this report, no Special Resolution is proposed to be conducted through Postal Ballot.**

**E. MEANS OF COMMUNICATION:****a. Financial Results:**

The quarterly, half-yearly and annual results are published in widely circulating national and local dailies such as "Free Press Gujarat" in English and "Lok Mitra" in Gujarati language and are displayed on the website of the Company www.mas.co.in.

b. Website:

The Company's website www.mas.co.in contains a separate dedicated section namely "Investors" where shareholders information is available. The Annual Report of the Company is also available on the website of the Company <https://www.mas.co.in/annual-reports.aspx> in a downloadable form.

c. Presentations/News Releases:

During the year under review, the Company has made presentations to institutional investors / to the analysts and it is available on the website of the Company <https://www.mas.co.in/investor-presentation.aspx>. Further, the Company has displayed official news releases which are available on company's website www.mas.co.in.

F. GENERAL SHAREHOLDERS INFORMATION:**a. Company Registration details:**

The Company is registered in the State of Gujarat, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L65910GJ1995PLC026064.

b. Registered Office:

6, Narayan Chambers, Ground floor, B/H Patang Hotel Ashram Road, Ahmedabad – 380 006, Gujarat.

c. Date, time and venue of the 25th Annual General Meeting:

25th Annual General Meeting is to be held on Wednesday, December 9, 2020 at 11:30 A.M. Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

d. Financial Year:

Financial year is April 1, 2020 to March 31, 2021 and financial results will be declared as per the following schedule.

Particulars	Tentative Schedule
Quarterly Results	
Quarter ending on June 30, 2020	On or before August 14, 2020 (Approved in the Board meeting held on August 12, 2020)
Quarter ending on September 30, 2020	On or before November 14, 2020 (Approved in the Board meeting held on November 11, 2020)
Quarter ending on December 31, 2020	On or before February 14, 2021
Annual Result of 2020-21	On or before May 30, 2021

e. Dividend Payment:

The Company paid Final Dividend of ₹ 3.60/- (Rupees Three and Sixty Paise Only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (36%) aggregating to ₹ 19,67,83,354.80/- (Rupees Nineteen Crore Sixty Seven Lakh Eighty Three Thousand Three Hundred Fifty Four and Eighty Paise only) for the F.Y. 2018-19. The same was recommended by Board of Directors in their meeting held on May 08, 2019 which was subsequently approved by members in the 24th Annual general meeting held on 26th June, 2019. The said dividend was paid on 3rd July, 2019. An amount of ₹ 4,04,49,397/- was paid as dividend distribution tax on the dividend.

During the year under review, the Company had paid an interim dividend of ₹ 2/- (Rupees Two only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (20%) aggregating to ₹ 10,93,24,086/- (Rupees Ten Crore Ninety Three Lakh Twenty Four Thousand Eighty Six only). The same was declared by Board of Directors in their meeting held on November 06, 2019. The said dividend was paid on 26th November, 2019. An amount of ₹ 2,24,71,883/- was paid as dividend distribution tax on the dividend.

Further during the year under review, the Company had paid second interim dividend of ₹ 6/- (Rupees Six only) per share on 5,46,62,043 Equity Shares of ₹ 10/- fully paid up (60%) aggregating to ₹ 32,79,72,258/- (Rupees Thirty Two Crore Seventy Nine Lakh Seventy Two Thousand Two Hundred and Fifty Eight only). The same was declared by Board of Directors in their meeting held on February 02, 2020. The said dividend was paid on 6th March, 2020. An amount of ₹ 6,74,15,662/- was paid as dividend distribution tax on the dividend.

Cumulatively, the Board of Directors of your company has declared / recommended a total Dividend of ₹ 8 per equity shares of ₹ 10 each (@ 80 %) for the year under review.

Further, the Board of Directors of the Company has not proposed Final Dividend F.Y. 2019-20.

f. Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Thursday, December 3, 2020 to Wednesday, December 9, 2020 (both days inclusive) for the purpose of 25th Annual General Meeting.

g. Listing on Stock Exchanges:

The Company's Equity Shares are listed on the both the stock exchange details of the same are given below. The ISIN of the Company is **INE348L01012**.

BSE Limited PhirozeJeejeebhoy Towers Dalal Street Mumbai – 400001 Scrip Code: 540749	National Stock Exchange of India Limited Exchange Plaza Plot No. C/1, G Block Bandra-Kurla Complex Bandra (East) Mumbai – 400051 Trading Symbol: MASFIN

The Company's Debt Securities are listed on BSE Ltd. 951920; 952312; 959775*; 959807* and 959921*

*(The Company in its Board Meeting held on June 16, 2020 further approved the borrowing of funds by way of issuance of Secured, Rated, Listed, Redeemable, Non-Convertible, taxable debentures up to an aggregate amount of ₹ 500 Crores, in one or more tranches through Private placement. As on the date of this report the Company has issued the NCDs amounting to ₹ 250 Cr.)

Annual listing fees for the year 2020-2021 have been paid by the Company to BSE Ltd. & NSE.

h. Market Price Data:

Month	Company's Shares	
	High (In ₹) – BSE	Low (In ₹) – BSE
April, 2019	617.95	567.10
May, 2019	591.90	511.20
June, 2019	631.50	522.50
July, 2019	645.00	557.00
August, 2019	640.00	573.00
September, 2019	715.25	580.00
October, 2019	764.00	660.85
November, 2019	739.80	696.00
December, 2019	927.00	711.00
January, 2020	1,000.00	826.05
February, 2020	1,269.00	947.70
March, 2020	1,130.00	448.05

The performance of the equity share price of the Company at Stock Exchange at BSE is as under:

Month	MASFIN Share Price at BSE**	SENSEX**
April, 2019	598.90	39,031.55
May, 2019	529.15	39,714.20
June, 2019	609.65	39,394.64
July, 2019	586.45	37,481.12
August, 2019	591.65	37,332.79
September, 2019	685.35	38,667.33
October, 2019	720.75	40,129.05
November, 2019	712.80	40,793.81
December, 2019	860.65	41,253.74
January, 2020	982.85	40,723.49
February, 2020	1,054.95	38,297.29
March, 2020	526.45	29,468.49

** closing data on the last day of the month

Month	Company's Shares	
	High (In ₹) – NSE	Low (In ₹) – NSE
April, 2019	620.00	564.35
May, 2019	595.00	509.05
June, 2019	634.90	525.00
July, 2019	650.00	558.05
August, 2019	677.90	560.00
September, 2019	719.60	576.05
October, 2019	764.40	660.10
November, 2019	738.00	690.00
December, 2019	927.00	701.15
January, 2020	998.00	826.00
February, 2020	1,270.00	940.95
March, 2020	1,159.70	443.95

The performance of the equity share price of the Company at Stock Exchange at NSE is as under:

Month	MASFIN Share Price at NSE**	NIFTY**
April, 2019	597.55	11,748.15
May, 2019	530.80	11,922.80
June, 2019	610.35	11,788.85
July, 2019	587.30	11,118.00
August, 2019	585.60	11,023.25
September, 2019	690.05	11,474.45
October, 2019	722.85	11,877.45
November, 2019	713.50	12,056.05
December, 2019	867.45	12,168.45
January, 2020	985.30	11,962.10
February, 2020	1,039.75	11,201.75
March, 2020	524.30	8,597.75

** closing data on the last day of the month

i. Registrar & Transfer Agents

Link Intime India Private Limited

Registered Office Address:

C-101, 1st Floor,
247 Park Lal Bahadur Shastri Marg,
Vikhroli (West), Mumbai – 400 083
Tel No.: +91 22 -49186200
Fax No.: +91 22 -49186195
Email: mas.ipo@linkintime.co.in
Web: www.linkintime.co.in

Branch/Correspondence Address:
506 To 508, Amarnath Business Centre – 1,
Beside Gala Business Centre,
Nr. St. Xavier's College Corner, OLff,
Chimanlal Girdharlal Rd,
Sardar Patel Nagar, Ellisbridge,
Ahmedabad – 380006
Tel No.: +91 79 26465179 /86 / 87
Fax No.: +91 79 26465179

**j. Share Transfer Procedure:**

All the physical transfers of shares are processed by the Registrar and Share Transfer Agents and are approved by the Stakeholders' Relationship Committee.

Pursuant to Regulation 40(9) of the Listing Regulations, the Company obtains a Certificate from a Practicing Company Secretary on half yearly basis, for due compliance of share transfer formalities.

Pursuant to SEBI (Depositories and Participants) Regulations, 1996 and SEBI (Depositories and Participants) Regulations, 2018, a certificate have also been obtained from a Practicing Company Secretary for timely dematerialization of the shares of the Company and for conducting Secretarial Audit on a quarterly basis for reconciliation of the share capital of the Company. The Company files copy of these certificates with the stock exchange as required.

k. Shareholding as on March 31, 2020:**a. Distribution of Shareholding as on March 31, 2020:**

Range of No. of Shares From – To	No. of Shareholders		Shares held	
	Number	%	Number	%
1-500	18505	94.6596	1122943	2.0543
501-1000	531	2.7163	379189	0.6937
1001-2000	257	1.3146	363660	0.6653
2001-3000	79	0.4041	196819	0.3601
3001-4000	41	0.2097	144956	0.2652
4001-5000	27	0.1381	121747	0.2227
5001-10000	49	0.2507	356337	0.6519
10001 and above	60	0.3069	51976392	95.0868
Total	19549	100	54662043	100

b. Shareholding Pattern as on March 31, 2020:

Category	No. of shares held		Total No. of Shares	% of Holding
	Physical	Demat		
Promoter and Promoter Group*	-	4,02,23,244	4,02,23,244	73.5853
Mutual Funds	-	48,52,144	48,52,144	8.8766
Banks/FI/Central Govt./State Govts/ Trusts & Insurance Companies	-	5,475	5,475	0.0100
Foreign Institutional Investors/ Portfolio Investor	-	8,33,716	8,33,716	1.5252
NRI	-	1,35,472	1,35,472	0.2478
Foreign Nationals	-	-	-	-
Foreign Companies	-	-	-	-
Bodies Corporate	-	11,51,268	11,51,268	2.1062
Clearing Member	-	23,676	23,676	0.0433
Directors / Relatives of Director [#]	-	30,762	30,762	0.0563
Indian Public / HUF	-	24,02,716	24,02,716	4.3956
Trusts	-	39,90,422	39,90,422	7.3002
NBFCs registered with RBI	-	-	-	-
Alternate Investment Funds	-	10,13,148	10,13,148	1.8535
Total	-	5,46,62,043	5,46,62,043	100.00

* The following persons / entity belonging to promoter and promoter group of the Company has purchased the equity shares of the Company as on 30/03/2020 & 31/03/2020. However, the said shares were not reflected under the BENPOS received from Registrar and Transfer Agent as the same were in transit process. Therefore, we are unable to mention the said shares in this shareholding pattern filed with Stock Exchanges for the quarter ended on 31st March, 2020:

(i) Mr. Kamlesh Chimanlal Gandhi: 4,250 shares (purchased 2250 shares on 30/03/2020 & 2000 shares on 31/03/2020)

(ii) M/s. Anamaya Capital LLP: 4,327 shares (purchased 2223 shares on 30/03/2020 & 2104 shares on 31/03/2020)

Mr. Saumil Pandya belonging Directors / Relatives of Director of the Company has purchased 574 equity shares of the Company i.e. 100 shares on 30.03.2020 & 474 shares 31.03.2020. However in BENPOS received from Registrar and Transfer Agent as on 31st March, 2020 reflected his holding as 13,683 shares excluding above bought shares as the same were in transit process.

I. Dematerialization of Shares and Liquidity

The Company's shares are traded in dematerialized form. All the Equity shares of the Company are dematerialized as on March 31, 2020.

The Company's shares are traded on the 'BSE Limited' and 'National Stock Exchange of India Limited'.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE348L01012.

m. Outstanding GDRs/ADRs/Warrants or any convertible instrument, conversion and likely impact on equity:

There is no outstanding ADR/GDR, Warrants, or any other convertible instrument likely impact on equity.

n. Commodity Price Risk / Foreign Exchange Risk and Hedging:

Commodity Price Risk / Foreign Exchange Risk and Hedging is not applicable to the company.

o. Site location:

The Company is in service sector and does not have any Site / Plant locations. However, the Company operates from its Registered Office only and has 105 branches as on 31st March, 2020.

p. Address of Correspondence:

i) **MAS Financial Services Limited**
Ms. Riddhi Bhaveshbhai Bhayani
Company Secretary and Compliance Officer
6, Narayan Chamber, Ground Floor,
Behind Patang Hotel, Ashram Road,
Ahmedabad – 380 009
E-Mail: riddhi_bhayani@mas.co.in
Phone: +91-79-41106638

ii) For transfer/dematerialization of shares, change of address of members and other queries:

Link Intime India Private Limited
Mr. R. Chandra Sekher
506 To 508, Amarnath Business Centre – 1,
Beside Gala Business Centre,
Nr. St. Xavier's College Corner, Off. Chimanlal
Girdharlal Rd.,
Sardar Patel Nagar, Ellisbridge,
Ahmedabad – 380006
Tel No.: +91 79 26465179 / 86 / 87
Fax No.: +91 79 26465179
Email: mas.ipo@linkintime.co.in
Web: www.linkintime.co.in

q. Credit Ratings:

During the year, your Company's long term credit ratings have been upgraded to ACUITE AA- with Stable Outlook. Also, your company has been assigned highest short term rating of ACUITE A1+ by Acuite Ratings & Research. The Credit rating was obtained from Acuite Ratings & Research on 13th March 2019.

G. OTHER DISCLOSURES:

- a. There were no materially significant Related Party Transactions and pecuniary transactions that may have potential conflict with the interest of the Company at large. The details of Related Party Transactions are disclosed in financial section of this Annual Report. The Board has approved a policy for related party transactions which is uploaded on the website of the Company at www.mas.co.in.
- b. There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years except in one instance where Company has made delay in furnishing prior intimation under Regulation 29(2) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 to the stock exchange(s) about agenda of recommendation of interim dividend and no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority except in one instance mentioned above however the Company has paid the necessary fines with the Stock Exchange(s) for the said non-compliance.
- c. The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of Company's



Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safe guards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistle blowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company at www.mas.co.in.

- d. The Company has complied with all mandatory requirements laid down by the Regulation 27 of the Listing Obligations and Disclosure Requirements Regulation, 2015. The non-mandatory requirements complied with wherever requires and the same has been disclosed at the relevant places.
- e. The Company has one Subsidiary Company and therefore, the Company has adopted Policy for determining Material Subsidiary which is uploaded on the website of the Company at www.mas.co.in.
- f. The Company has adopted Related Party Transactions Policy which is uploaded on the website of the Company at www.mas.co.in.
- g. Commodity Price Risk / Foreign Exchange Risk and Hedging is not applicable to the company.
- h. Company has not raised funds through preferential allotment or qualified institutions placement therefore details regarding utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) is Not Applicable to the Company.
- i. The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on March 31, 2020 in compliance with Regulation 17(8) of Listing Regulations. The certificate is appended as an Annexure to this report. They have also provided quarterly certificates on financial results while placing the same before the Board pursuant to Regulation 33 of Listing Regulation.
- j. A qualified Practicing Company Secretary carried out a reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Secretarial Audit confirms that the total issued/paid-up capital of the Company is in agreement with the total number

of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

- k. We have obtained a certificate from Practicing Company Secretary that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.
- l. There were no circumstances where board had no accepted any recommendation of any committee of the board during the year.
- m. Total fees paid for the services to the statutory auditors is ₹ 59.51 Lakhs for the financial year 2019-20.

Particulars	Amount in Lakhs
Statutory audit	24.71
Limited review of quarterly results	29.43
Other Services	2.18
Reimbursements of expenses	3.19
Total	59.51

- n. The designated Senior Management Personnel of the Company have disclosed to the Board that no material, financial and commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.
- o. The Company has also adopted Material Events Policy, and Policy on Preservation of Documents which is uploaded on the website of the Company at www.mas.co.in.
- p. Details of the familiarization programme of the independent directors are available on the website of the company at www.mas.co.in.
- q. With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading www.mas.co.in.
- r. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It has obtained a certificate affirming the compliances from Practicing Company Secretary, CS Ravi Kapoor and the same is attached to this Report.
- s. The Company has executed the Listing Agreement with the BSE Ltd. and the National Stock Exchange of India pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015. As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Director seeking appointment/re-appointment at the forthcoming AGM are given herein and in the Annexure to the Notice of the 25th AGM to be held on December 9, 2020.

- t. In the preparation of the financial statements, the Company has followed the accounting policies and practices as prescribed in the Accounting Standards.

- u. The Company does not have any demat suspense account/unclaimed suspense account and therefore, the details pertaining the same are not given.
- v. During the year under review, there were no complaint i.e. incidences of sexual harassment reported.
- w. There is no non-compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of Schedule V read with Regulation 34(3) of SEBI LODR Regulations.

H. LOCK IN SHARES:

Following shares held by the promoters of the company are under lock in as on March 31, 2020:

Sr. No.	Name	Category	No. of shares in lock in	Percentage of total shares held by them.
1.	Mrs. Shweta Kamlesh Gandhi	Promoter	54,66,205	33.4561
2.	Mr. Mukesh Chimanlal Gandhi	Promoter & Director	54,66,205	33.8343

I. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF LISTING REGULATIONS

Particulars	Regulation Number	Compliance Status
Board composition	17(1), 17(1A)	Yes
Meeting of Board of directors	17(2), 17(2A)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees / compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Recommendation of Board	17(11)	Yes
Maximum number of Directorships	17(A)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
Quorum of Nomination and Remuneration Committee meeting	19(2A)	Yes
Meeting of Nomination and Remuneration Committee	19(3A)	Yes
Composition of Stakeholder Relationship Committee	20(1), (2) & (2A)	Yes
Meeting of Stakeholders Relationship Committee	20(3A)	Yes
Composition and role of Risk Management Committee	21(1), (2), (3), (4)	Yes
Meeting of Risk Management Committee	21(3A)	Yes
Vigil Mechanism	22	Yes
Policy for related party transaction	23(1), (5), (6), (7) & (8)	Yes
Prior or omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
Approval for material related party transactions	23(4)	Yes
Disclosure of related party transactions on consolidated basis	23(9)	Yes
Composition of Board of Directors of unlisted material subsidiary	24(1)	Yes
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2), (3), (4), (5) & (6)	N. A.



Particulars	Regulation Number	Compliance Status
Annual Secretarial Compliance Report	24(A)	Yes
Maximum directorship & tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Declaration from Independent Director	25(8) & (9)	Yes
D & O Insurance for Independent Directors	25(10)	Yes
Membership in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior Management	26(3)	Yes
Disclosure of shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to obligations of directors and senior management	26(2) & 26(5)	Yes
Details of business	46(2)(a)	Yes
Terms and conditions of appointment of independent directors	46(2)(b)	Yes
Composition of various committees of board of directors	46(2)(c)	Yes
Code of conduct of board of directors and senior management personnel	46(2)(d)	Yes
Details of establishment of vigil mechanism/ Whistle Blower Policy	46(2)(e)	Yes
Criteria for making payments to non-executive directors	46(2)(f)	Yes
Policy for dealing with related party transactions	46(2)(g)	Yes
Policy for determining 'material' subsidiaries	46(2)(h)	Yes
Details of familiarization programmes imparted to independent directors	46(2)(i)	Yes
email address for grievance redressal and other relevant details	46(2)(j)	Yes
Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	46(2)(k)	Yes
Financial results	46(2)(l)	Yes
Shareholding pattern	46(2)(m)	Yes
Details of agreements entered into with the media companies and/or their associates	46(2)(n)	NA
Schedule of analyst or institutional investor meet and presentations made by the listed entity to analysts or institutional investors simultaneously with submission to stock exchange	46(2)(o)	Yes
New name and the old name of the listed entity	46(2)(p)	NA

For and on behalf of the Board of Directors of
₹₹₹ FINANCIAL SERVICES LIMITED

Kamlesh C. Gandhi

Chairman and Managing Director
(DIN: 00044852)

Mukesh C. Gandhi

Whole time Director & CFO
(DIN: 00187086)

Riddhi Bhayani

Company Secretary & Compliance Officer
Membership No.: A41206

Date : 11th November, 2020
Place : Ahmedabad

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
HAS FINANCIAL SERVICES LIMITED

We have examined the Compliance Conditions of Corporate Governance by HAS FINANCIAL SERVICES LIMITED for the year ended on 31st March, 2020 as per Para E of Schedule V read with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1st April, 2019 to 31st March, 2020. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The Compliance of Conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the Management, we certify that the Company has materially complied with the conditions of Corporate Governance as stipulated in Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Ravi Kapoor & Associates

Ravi Kapoor

Proprietor

Mem. No FCS. 2587

COP No.: 2407

UDIN: F002587B001206130

Date: 11th November, 2020

Place: Ahmedabad

DECLARATION

I, Darshana Pandya, Director & Chief Executive Officer of HAS Financial Services Limited hereby declare that as of March 31, 2020 all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct and Ethics for Directors and Senior Management Personnel laid down by the Company.

For and on behalf of the Board of Directors of
HAS FINANCIAL SERVICES LIMITED

Darshana Pandya

Director & Chief Executive Officer

(DIN: 07610402)

Date: 11th November, 2020

Place: Ahmedabad



CERTIFICATE OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Darshana Pandya, Director & Chief Executive Officer, Mukesh C. Gandhi, Whole-time Director and Chief Financial Officer and Ankit Jain, Chief Financial Officer of ~~AA~~ FINANCIAL SERVICES LIMITED certify that:

We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2020 and to the best of our knowledge and belief:

- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- iii. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2020 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- iv. We accept responsibility for establishing and maintaining internal control system and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal control system, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- v. We further certify that we have indicated to the auditors and the Audit Committee:
 - a. There have been no significant changes in internal control over financial reporting system during the year;
 - b. There have been no significant changes in accounting policies during the year except for the changes disclosed in the notes to the financial statements, if any; and
 - c. There have been no instances of significant fraud, of which we have become aware, involving management or any employee having a significant role in the Company's internal control system over financial reporting.

Darshana S. Pandya

Director & Chief Executive Officer
(DIN: 07610402)

Mukesh C. Gandhi

Whole Time Director & Chief Financial Officer
(DIN: 00187086)

Ankit Jain

Chief Financial Officer

Date: 11th November, 2020
Place: Ahmedabad

Annexure - K

Disclosures pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 last updated February 17, 2020 ("said Master Direction").

RELATED PARTY TRANSACTIONS

(Pursuant to clause 4.3 of Annex XIV of the said Master Direction)

- (1) Details of all material transaction with related parties are disclosed at Note No. 31 to the Standalone Financial Statements and Note No. 31 to the Consolidated Financial Statements;
- (2) The web-link for the policy on dealing with the Related Party Transactions is <https://mas.co.in/policy.aspx>

Annexure - L

BUSINESS RESPONSIBILITY REPORT FOR THE FY 2019 - 20

[In pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION – A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L65910GJ1995PLC026064
2. Name of the Company : **MAAS** Financial Services Limited
3. Registered address : 6, Narayan Chambers, Ground Floor,
B/h Patang Hotel, Ashram Road,
Ahmedabad – 380 009.
4. Website : www.mas.co.in
5. E-mail id : riddhi_bhayani@mas.co.in
6. Financial Year reported : 2019-20
7. Sector(s) that the Company is engaged in (industrial activity code-wise) :

Description of the main products/services	NIC code for the product or service
Other financial service activities, except Insurance and pension funding activities, n.e.c	64990

8. List three key products/services that the Company manufactures/provides (as in balance sheet)
The Company was established in 1995 and we have a long track record of more than two decades in providing finance to the MSME, loan to purchase Two-Wheelers and Commercial vehicle in India.
9. Total number of locations where business activity is undertaken by the Company:
 - (a) Number of International Locations (Provide details of major 5): NIL
 - (b) Number of National Locations: The Company operates in 6 states and NCT Delhi through its 105 branches.
10. Markets served by the Company – Local/State/National

SECTION B: FINANCIAL DETAILS OF THE COMPANY (AS ON 31.03.2020)

1. Paid up Capital (₹ in Lakh) : ₹ 5466.20
2. Total Turnover (₹ in Lakh) : ₹ 68,239.78
3. Total profit after taxes (₹ in Lakh) : ₹ 17,821.31
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)
The Company's total spending on CSR is ₹ 53,90,673.18/- approx. 0.33% of the average profit after taxes in the previous three financial years.
5. List of activities in which expenditure in 4 above has been incurred:-
 - A. Health
 - B. Education
 - C. Social welfare

SECTION C: OTHER DETAILS

- 1) Does the Company have any Subsidiary Company/ Companies?
 - Yes, The Company has 1 Subsidiary i.e. **MAAS** 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. **MAAS** Rural Housing & Mortgage Finance Limited to the extent possible.

- 3) Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]
- No.

SECTION D: BR INFORMATION

(1) Details of Director/Directors responsible for BR

a) Details of the Director/Director responsible for implementation of the BR policy/policies

Sr. No.	DIN	Name	Designation
1	00044852	Mr. Kamlesh Chimanlal Gandhi	Chairman & Managing Director
2	00187086	Mr. Mukesh Chimanlal Gandhi	Whole Time Director & CFO
3	07610402	Mrs. Darshana Saumil Pandya	Director & CEO

b) Details of the BR head:

Sr. No.	Particulars	Details
1	DIN (if applicable)	--
2	Name	Ms. Riddhi Bhaveshbhai Bhayani
3	Designation	Company Secretary & Compliance Officer
4	Telephone number	(079)-41106638
5	e-mail id	riddhi_bhayani@mas.co.in

(2) Principle-wise (as per NVGs) BR Policy/policies:

The Business Responsibility Policy ("BR Policy") addressing the following 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs).

The 9 principles outlined in the National Voluntary Guidelines are as follows:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights.
P6	Business should respect, protect and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for...	Y	N	Y	Y	Y	N	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	Y	-	-	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Y	-	Y	Y	Y	-	-	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	-	Y	Y	Y	-	-	Y	Y
5	Does the company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	-	Y	Y	Y	-	-	Y	Y

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
6	Indicate the link for the policy to be viewed online?	#	-	#	#	#	-	-	#	#
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	Y	-	-	Y	Y
8	Does the company have in-house structure to implement the policy/policies.	Y	-	Y	Y	Y	-	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	-	Y	Y	Y	-	-	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	-	N	N	N	-	-	N	N

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	*	-	-	-	*	*	-	-

#<https://mas.co.in/policy.aspx>

*Considering the nature of company's business, these Principles have limited applicability. The Company complies with Regulations governing its operations and has taken initiatives to promote inclusive growth and environmental sustainability.

(3) Governance related to BR

- A. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year
- The Board of Directors / its Committees / Chairman or any authorised officials of the Company, as the case may be, assesses the BR Performance on Annual basis
- B. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
- Company's Annual Report includes Business Responsibility Report. The copy of the same is available on the website of the Company www.mas.co.in. It is published annually.

SECTION E: PRINCIPLE -WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

- Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?
 - Yes, The Company has defined a Code of Conduct to deter wrongdoings and to promote ethical practices. Yes, the Code extends to all dealings with suppliers, customers and other business partners.
- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
 - The Company encourages all its stakeholders to freely share their concerns and grievances. The Company has received 9 complaints from various stakeholders during FY 2019-20, out of which all the 9 complaints were promptly resolved.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
 - Not Applicable
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
 - (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
 - (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
 - The Company operates in financial services sector, therefore this aspect doesn't relate to the nature of its business. However, the Company extensively monitors its energy consumption.
3. Does the company have procedures in place for sustainable sourcing (including transportation)?
 - (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
 - Though the Company is in Financial Service Sector, therefore this aspect doesn't relate to the nature of its business.
4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

 - Not Applicable
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.
 - Not Applicable

PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELL BEING OF ALL EMPLOYEES

1. Please indicate the Total number of employees: 887
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 629
3. Please indicate the Number of permanent women employees: 48
4. Please indicate the Number of permanent employees with disabilities: 02
5. Do you have an employee association that is recognized by management: No
6. What percentage of your permanent employees is members of this recognized employee association? N.A.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year (2019-20)	No. of complaints pending as on end of the financial year (2019-20)
1	Child labour/forced labour/involuntary		
2	Sexual harassment		NIL
3	Discriminatory employment		

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?
 - (a) Permanent Employees
 - (b) Permanent Women Employees
 - (c) Casual/Temporary/Contractual Employees
 - (d) Employees with Disabilities

Your Company has established in-house systems in place to inculcate high performance culture in the organization. We periodically organize the training programmes for upgrading functional and soft skills of employees. We provide Induction training to all the employees of the Company and on regular intervals various other training is organized to update the knowledge. In order to ensure healthy working conditions and prevent sexual harassment of women employees, we have constituted Internal Complaint Committees.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

1. Has the Company mapped its internal and external stakeholders? Yes/No
No
2. Out of the above, has the company identified the disadvantaged, vulnerable & Marginalized Stakeholders.
Not Applicable
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
Not Applicable

Principle 5: Businesses should respect and promote human rights.

1. Does the policy of the Company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
 - This is covered under our Policies on Business Responsibility Report. It is available on the website of the Company www.mas.co.in.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
 - Kindly refer Principle 1 point no. 2.

Principle 6: Business should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
 - Not Applicable
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.
 - Not Applicable
3. Does the company identify and assess potential environmental risks? Y/N
 - Not Applicable
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
 - Not Applicable
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
 - No such initiatives carried out in the Financial year 2018-19
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
 - Not Applicable
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
 - Not Applicable

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
 - Finance Industry Development Council
 - Gujarat Finance Companies Association

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
 - Yes. Representations had been submitted to the Government and regulatory authorities on various matters for the improvement of Public good.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
 - Yes, Please refer to Annual Report on CSR Activities
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?
 - Yes, various programmes has been carried out by the Company
3. Have you done any impact assessment of your initiative?
 - The Company has a process for doing the impact assessment for its key CSR interventions by engaging Employees of the company on the regular basis.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?
 - Amount spent ₹ 53,90,673.18/-. Please refer to Annual Report on CSR Activities for details.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
 - Your Company's CSR initiatives are aligned to the mission of transforming rural lives and driving a positive change in the communities. The Company actively implements projects and initiatives in the areas of health, education, employment & livelihood generation, afforestation, rural development and community welfare.
 - Your company has identified many bright students from more than 20 Schools who have completed their 8th Standard and wish to pursue their higher studies but are financially challenged and cannot afford basic requirements. The Company has sponsored their fees, school bags, stationeries, for undergoing higher studies and uniform. Your company believes that education is one of the most important investments which can create positive impact on society. Also, the Company has started constructing roof and shed to provide basic infrastructure to children in schools.
 - Your company has identified place where people were not getting fresh drinking water. In order to develop rural area and promoting health and sanitation Company installed RO Plant in Badlpur Prathmikshala, Mehsana. Now Students of Badlpur Prathmikshala get fresh and safe drinking water. Company assures the maintenance of the said RO Plant on regular basis. Further company is in search of identifying various rural places where other such development can be made.
 - Your Company has contributed for the welfare and treatment of cancer patients at Gujarat Cancer Society, Ahmedabad.
 - It is Company's continuous endeavor to increase its CSR impact and spend over the coming years, supplemented by its continued focus towards rural development, promoting health and sanitation.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
 - Only 17 Consumer cases and no stakeholder complaints are pending as on 31st March, 2020.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)
 - Not Applicable
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
 - No
4. Did your company carry out any consumer survey/ consumer satisfaction trends?
 - NA

Independent Auditor's Report

To the Members of HFS Financial Services Limited
Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the standalone financial statements of HFS Financial Services Limited (the 'Company'), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with

the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

EMPHASIS OF MATTER

As described in Note 7.1 to the standalone financial statements, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020, in accordance with Reserve Bank of India ('RBI') COVID-19 Regulatory Package.

As described in Note 42.1 (iv) to the standalone financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
Impairment of loans	
Charge: INR 2,256.51 for the year ended 31 March 2020 Provision: INR 5,856.44 as at 31 March 2020	
<i>Refer to the accounting policies in the standalone financial statements: Note 3.6 to the standalone financial statements: 'Significant accounting policies' and Note 7 to the standalone financial statements: 'Loans'</i>	
Subjective estimate	Our key audit procedures included:
Recognition and measurement of impairment of loans and advances involve significant management judgement.	Design / controls
Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ('ECL') model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.	- Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice. - Understood management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.

Key audit matter	How the matter was addressed in our audit
The most significant areas are: • Segmentation of loan book • Determination of exposure at default • Loan staging criteria • Assigning internal rating to Retail Asset Channel • Calculation of probability of default / Loss given default • Consideration of probability weighted scenarios and forward looking macro-economic factors The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.	• Evaluated management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Tested the controls over 'Governance Framework' in line with RBI guidance. • Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • Tested review controls over measurement of impairment allowances and disclosures in standalone financial statements.
Impact of COVID-19 On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of: • Short-term and long-term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities; • impact of the pandemic on the Company's customers and their ability to repay dues; and • application of regulatory package announced by RBI on asset classification and provisioning. Management has conducted a qualitative assessment of significant increase in credit risk ('SICR') of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by RBI and considered updated macroeconomic scenarios and the use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.	Substantive tests • Assessed the appropriateness of management's rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of RBI / Government financial relief package. • Assessed the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Corroborated through independent check and enquiries the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. • We used our modelling specialist to test the model methodology and reasonableness of assumptions used. • Focused on appropriate application of accounting principles and reasonableness of assumptions used in the model. • Performed test of details over of calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance where possible. • Appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessed the appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19.
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.	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.



Key audit matter	How the matter was addressed in our audit
We have focused on user access management, change management, interface controls and system application controls over key financial accounting and reporting systems.	- We tested the design and operating effectiveness of key controls over user access management which includes granting access rights, new user creation, removal of user rights, user access review and preventative controls designed to enforce segregation of duties. - For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. - We evaluated the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. - Other areas that were independently assessed included password policies, program change management procedures, system configurations, system interface controls, controls over changes to applications and that business users and developers did not have access to migrate changes in the production environment and the privileged access to applications, operating system or databases is restricted to authorized personnel.

OTHER INFORMATION

The Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the statement standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's and the Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and the Board of Directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in

equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free

from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by Management and the Board of Directors.
- Conclude on the appropriateness of Management and the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government in terms of section 143 (11) of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (A) As required by Section 143 (3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.



- f) With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.
- (C) With respect to the matter to be included in the Auditor's Report under section 197 (16):
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. Remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) which are required to be commented upon by us.
- For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022
- Sameer Mota**
Partner
Membership No: 109928
UDIN: 20109928AAAADQ3430
- Mumbai
3 June 2020

Annexure 'A'

to the Independent Auditor's report on the standalone financial statements of HAS Financial Services Limited for the year ended 31 March 2020

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment. (b) The Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified every year. In accordance with this programme, all property, plant and equipment were physically verified by management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed upon such verification. (c) According to the information and explanations given to us and the records examined by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.	iv. According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under Section 185 of the Act and has complied with the provisions of Section 186 (1) of the Act. The Company being a NBFC, nothing contained in Section 186 is applicable, except subsection (1) of that Section.
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.	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.
iii. According to the information and explanation given to us, the Company has granted secured and unsecured loans to a company covered in the register maintained under Section 189 of the Companies Act, 2013 (the 'Act'). (a) In respect of the aforesaid loan, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest. (b) The Company has stipulated schedule of repayment of principal and payment of interest and repayment of principal amount and receipt of interest is regular. (c) There is no overdue amount in respect of the aforesaid loans.	vi. According to the information and explanation given to us, maintenance of cost records has not been specified for the Company by the Central Government under section 148 (1) of the Act. vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods and services tax, cess and other material statutory dues applicable to it to the appropriate authorities except instances of delay in payment of professional tax of ₹ 7,754 due to delay in registration of two branches. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs, duty of excise and value added tax. There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, cess and other material statutory dues except for professional tax which were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. The extent of arrears of outstanding statutory dues has been given below:



Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Due Date
Department of Commercial Taxes	Professional tax	80.00	June 2019	15 July 2019
Department of Commercial Taxes	Professional tax	400.00	July 2019	15 August 2019
Department of Commercial Taxes	Professional tax	680.00	August 2019	15 September 2019

(b) According to the information and explanations given to us, there are no dues of income tax, service tax and goods and service tax which have not been deposited with the appropriate authorities on account of any dispute except as below:

Name of Statute	Nature of dues	Period to which the amount relates	Amount disputed (₹ in Lakhs)	Amount unpaid (₹ in Lakhs)	Forum where the dispute is pending
Income-tax Act, 1961	Income-tax	Assessment Year: 2017-2018	59.53	59.53	Deputy commissioner of Income tax

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks or dues to debenture holders. There are no loans or borrowings from government.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) in current year. In our opinion and according to the information and explanations given to us, term loans have been applied for the purposes for which they were raised.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, there are no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations 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

Mumbai
3 June 2020

Membership No: 109928
UDIN: 20109928AAAAADQ3430

Annexure 'B'

to the Independent Auditor's report on the standalone financial statements of HAS Financial Services Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

OPINION

We have audited the internal financial controls with reference to the standalone financial statements of HAS Financial Services Limited (the 'Company') as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020 based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as the 'Act').

EMPHASIS OF MATTER

As described in Emphasis of Matter paragraph of our report to the standalone financial statements, the extent to which the COVID 19 pandemic will have impact on the Company's internal financial controls with reference to the standalone financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone

financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the standalone financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to the standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENTS

A company's internal financial controls with reference to the standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the standalone financial



statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to the standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

projections of any evaluation of the internal financial controls with reference to the standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to the standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sameer Mota

Partner

Mumbai
3 June 2020

Membership No: 109928
UDIN: 20109928AAAADQ3430

Standalone Balance Sheet

as at 31 March 2020

(₹ in Lakhs)

	Note no.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial assets			
Cash and cash equivalents	5	102,446.81	35,577.06
Bank balance other than cash and cash equivalents	6	190.55	1,278.75
Loans	7	333,776.56	321,853.69
Investments	8	3,750.03	2,227.05
Other financial assets	9	8,900.09	3,411.10
Total financial assets		449,064.04	364,347.65
Non-financial assets			
Income tax assets (net)	26	221.38	95.16
Property, plant and equipment	10(a)	1,198.56	1,140.92
Capital work-in-progress	10(d)	4,821.34	4,564.43
Right-of-use asset	10(c)	128.44	-
Other intangible assets	10(b)	11.07	10.95
Other non-financial assets	11	234.54	196.05
Total non-financial assets		6,615.33	6,007.51
Total assets		455,679.37	370,355.16
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		753.08	553.36
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	12	5,989.18	5,981.78
Borrowings (other than debt securities)	13	252,021.34	195,982.99
Other financial liabilities	14	90,693.87	72,419.32
Total financial liabilities		349,457.47	274,937.45
Non-financial liabilities			
Current tax liabilities (net)	26	-	1,621.04
Provisions	15	45.65	15.84
Deferred tax liabilities (net)	26	446.12	860.55
Other non-financial liabilities	16	1,858.73	1,938.58
Total non-financial liabilities		2,350.50	4,436.01
Total liabilities		351,807.97	279,373.46
EQUITY			
Equity share capital	17	5,466.20	5,466.20
Other equity	18	98,405.20	85,515.50
Total equity		103,871.40	90,981.70
Total liabilities and equity		455,679.37	370,355.16

See accompanying notes to the financial statements

In terms of our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
HAS Financial Services Limited

Sameer Mota
Partner
Membership No: 109928

Darshana S. Pandya
(Director & Chief Executive Officer)
(DIN - 07610402)

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Riddhi B. Bhayani
(Company Secretary & Compliance Officer)
(Membership No: A41206)

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Mumbai
3 June 2020

Ahmedabad
3 June 2020

Standalone Statement of Profit and Loss

for the year ended 31 March 2020

(₹ in Lakhs)

	Note no.	Year ended 31 March 2020	Year ended 31 March 2019
I. Revenue from operations			
Interest income	19	55,917.14	46,452.03
Gain on assignment of financial assets		10,748.75	9,414.46
Fees and commission income		1,573.89	1,366.85
Total revenue from operations		68,239.78	57,233.34
Other income	20	71.75	24.68
Total income		68,311.53	57,258.02
II. Expenses			
Finance costs	21	27,201.70	20,413.33
Fees and commission expense		601.88	404.35
Impairment on financial assets	22	8,675.65	5,452.73
Employee benefits expenses	23	5,240.79	4,714.63
Depreciation and amortization	24	231.51	128.70
Others expenses	25	2,912.24	2,751.33
Total expenses		44,863.77	33,865.07
Profit before exceptional items and tax (I - II)		23,447.76	23,392.95
Exceptional items		-	-
III. Profit before tax		23,447.76	23,392.95
IV. Tax expense:			
Current tax	26	6,291.68	8,226.41
Short / (excess) provision for tax relating to prior years	26	(96.10)	8.93
Net current tax expense		6,195.58	8,235.34
Deferred tax (credit) / charge	26	(569.13)	(53.90)
Net tax expense		5,626.45	8,181.44
V. Profit for the year (III - IV)		17,821.31	15,211.51
VI. Other comprehensive income			
(A) Items that will not be reclassified to profit or loss:			
Remeasurement of the defined benefit liabilities		(29.68)	(14.62)
Income tax impact on above		7.47	5.11
Net gain on equity instruments measured through other comprehensive income		-	(1.10)
Income tax impact on above		-	0.38
Total (A)		(22.21)	(10.23)
(B) Items that will be reclassified to profit or loss:			
Loans and advances through other comprehensive Income		658.09	(993.77)
Income tax relating to items that will be reclassified to profit or loss		(165.64)	347.26
Total (B)		492.45	(646.51)
Other comprehensive income (A+B)		470.24	(656.74)
VII. Total comprehensive income (V + VI)		18,291.55	14,554.77
VIII. Earnings per equity share (of ₹ 10 each):	27		
Basic (₹)		32.60	27.83
Diluted (₹)		32.60	27.83

See accompanying notes to the financial statements

In terms of our report of even date attached
For B S R & Co. LLP
 Chartered Accountants
 Firm's Registration No: 101248W/W-100022

Sameer Mota
 Partner
 Membership No: 109928

Darshana S. Pandya
 (Director & Chief Executive Officer)
 (DIN - 07610402)

Riddhi B. Bhayani
 (Company Secretary & Compliance Officer)
 (Membership No: A41206)

Mumbai
 3 June 2020

Ahmedabad
 3 June 2020

For and on behalf of the Board of Directors of
HAAS Financial Services Limited

Kamlesh C. Gandhi
 (Chairman & Managing Director)
 (DIN - 00044852)

Mukesh C. Gandhi
 (Whole Time Director & Chief Financial Officer)
 (DIN - 00187086)

Standalone Statement of changes in Equity

for the year ended 31 March 2020

(A) EQUITY SHARE CAPITAL

(₹ In Lakhs)

Equity Share of ₹ 10 each issued, subscribed and fully paid	
Balance at 31 March 2018	5,466.20
Changes in equity share capital during the year	-
Balance at 31 March 2019	5,466.20
Changes in equity share capital during the year	-
Balance at 31 March 2020	5,466.20

(B) OTHER EQUITY

(₹ In Lakhs)

	Reserves and surplus			Other comprehensive income		Total
	Reserve u/s. 45-IC of RBI Act, 1934	Securities premium	Retained earnings	Equity instruments through OCI	Loans and advances through OCI	
Balance at 31 March 2018	7,915.45	42,687.43	17,557.38	0.50	3,759.10	71,919.86
Profit for the year	-	-	15,211.51	-	-	15,211.51
Other comprehensive income (net of taxes)	-	-	(9.51)	(0.72)	802.34	792.11
Final dividend on equity shares	-	-	(1,180.70)	-	-	(1,180.70)
Interim dividend on equity shares	-	-	(819.93)	-	-	(819.93)
DDT on equity dividend	-	-	(407.35)	-	-	(407.35)
Transfer to reserve u/s. 45-IC of the RBI Act, 1934	3,042.30	-	(3,042.30)	-	-	-
Balance at 31 March 2019	10,957.75	42,687.43	27,309.10	(0.22)	4,561.44	85,515.50
Transition impact of Ind AS 116 (net of taxes)	-	-	(10.31)	-	-	(10.31)
Profit for the year	-	-	17,821.31	-	-	17,821.31
Other comprehensive income (net of taxes)	-	-	(22.21)	-	2,748.96	2,726.75
Final dividend on equity shares	-	-	(1,967.83)	-	-	(1,967.83)
Interim dividend on equity shares	-	-	(4,372.96)	-	-	(4,372.96)
DDT on equity dividend	-	-	(1,307.26)	-	-	(1,307.26)
Transfer to reserve u/s. 45-IC of the RBI Act, 1934	3,564.26	-	(3,564.26)	-	-	-
Balance at 31 March 2020	14,522.01	42,687.43	33,885.58	(0.22)	7,310.40	98,405.20

In terms of our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
HAS Financial Services Limited

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Partner
Membership No: 109928

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(DIN - 07610402)

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Mumbai
3 June 2020

Riddhi B. Bhayani
(Company Secretary & Compliance Officer)
(Membership No: A41206)
Ahmedabad
3 June 2020

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Standalone Statement of Cash Flows

for the year ended 31 March 2020

(₹ in Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	23,447.76	23,392.95
Adjustments for :		
Depreciation and amortisation	231.50	128.70
Finance cost	27,201.70	20,413.33
Provision for impairment on financial assets	2,256.51	1,448.85
Loss assets written off (net)	6,419.14	4,003.88
(Profit) / loss on sale of property, plant and equipment	0.82	(1.76)
Loss on sale of repossessed assets	327.03	200.44
Interest income	(52,821.75)	(44,425.83)
Interest income from bank deposits	(1,155.47)	(654.11)
Income received in advance	(19.12)	(19.61)
Income from debt component of OCPS investment in subsidiary	(32.78)	-
Interest income from NCD measured at amortised cost	(8.26)	
Financial guarantee commission income	(4.69)	(13.50)
Dividend income	(6.33)	(2.59)
Gain on derecognition of leased asset	(0.83)	-
Net gain on equity instruments measured through other comprehensive income	-	(1.10)
	(17,612.53)	(18,923.30)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,835.23	4,469.65
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Loans	(17,683.92)	(72,223.33)
Deposits given as collateral	(13.51)	296.92
Bank balance other than cash and cash equivalents	1,001.28	(989.22)
Other non-financial asset	(395.21)	(175.54)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	199.75	231.41
Security deposits from borrowers	(1,161.95)	7,458.79
Other financial and non-financial liabilities	18,185.38	5,168.69
Provisions	29.81	(60.20)
	161.63	(60,292.48)
CASH GENERATED FROM / (USED IN) OPERATIONS	5,996.86	(55,822.83)
Interest income received	47,331.77	43,531.92
Finance cost paid	(26,489.73)	(20,584.23)
Income tax paid (net)	(7,942.84)	(7,103.37)
	12,899.20	15,844.32
CASH FLOW GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)	18,896.06	(39,978.51)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipments and intangible assets, including capital advances	(453.77)	(192.93)
Proceeds from sale of property, plant and equipments and intangible assets	0.53	3.75
Change in Earmarked balances with banks	86.92	732.13
Interest income from bank deposits	1,172.74	764.49
Purchase of investments at amortised cost	(500.00)	(900.00)
Purchase of optionally convertible preference shares ("OCPS") in subsidiary	(1,000.00)	-
Dividend received	6.33	2.59
Interest income on Investment measured at amortised cost	5.49	-
Proceeds from redemption of equity instruments	-	9.96
CASH FLOW GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	(681.76)	419.99

Standalone Statement of Cash Flows (contd.)

for the year ended 31 March 2020

(₹ in Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from debt securities and borrowings	95,425.00	67,490.00
Repayments of borrowings	(42,349.22)	(21,522.21)
Net increase in working capital borrowings	3,316.41	27,779.82
Repayment of lease liabilities	(88.69)	-
Dividends paid including dividend distribution tax	(7,648.05)	(2,407.98)
CASH FLOW GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	48,655.45	71,339.63
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	66,869.75	31,781.11
Cash and cash equivalents at the beginning of the year	35,577.06	3,795.95
Cash and cash equivalents at the end of the year (refer note 1 below)	102,446.81	35,577.06

Notes:

1 Cash and bank balances at the end of the year comprises:

(₹ in Lakhs)

	As at 31 March 2020	As at 31 March 2019
(a) Cash on hand	7.43	14.46
(b) Balances with banks	76,439.38	26,912.60
Total	76,446.81	26,927.06
Bank deposits with original maturity of 3 months or less	26,000.00	8,650.00
Cash and cash equivalents as per the balance sheet	102,446.81	35,577.06

2 The above cash flow statement has been prepared under the "indirect method" as set out in the Ind AS - 7 on statement of cash flows specified under section 133 of the Companies Act, 2013.

3 The Company applied Ind AS 116 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying Ind AS 116 is recognised in retained earnings at the date of initial application.

4 The Company as at 31 March 2020 has undrawn borrowing facilities amounting to ₹ 74,280.55 Lakhs that may be available for future operating activities and to settle capital commitments.

5 Change in liabilities arising from financing activities

	31 March 2019	Cash flows	Non-cash changes*	31 March 2020
Debt securities	5,981.78	-	7.40	5,989.18
Borrowings other than debt securities	195,982.99	56,392.19	(353.84)	252,021.34
Total liabilities from financing activities	201,964.77	56,392.19	(346.44)	258,010.52

* Non-cash changes represents the effect of amortization of transaction cost.

See accompanying notes to the financial statements

In terms of our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of

HAS Financial Services Limited

Sameer Mota

Partner

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Mukesh C. Gandhi

(Whole Time Director & Chief Financial Officer)

(DIN - 00187086)

Mumbai

3 June 2020

Ahmedabad

3 June 2020



Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020

1. CORPORATE INFORMATION

AAAS Financial Services Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It is registered as a systematically important non deposit taking non-banking finance Company ("NBFC") with Reserve Bank of India ("RBI"). The Company is engaged in the business of providing Micro Enterprise loans ("MEL"), Small and Medium Enterprise loans ("SME"), Two Wheeler loans ("TW"), Commercial Vehicle loans ("CV") and loans to NBFCs - to create the underlying assets of MEL, SME, TW and CV. Its shares are listed on two recognised stock exchanges in India i.e. BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The Company's registered office is at 6, Ground Floor, Narayan Chambers, Behind Patang Hotel, Ashram Road, Ahmedabad-380009, Gujarat, India.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- i) Loans at fair value through other comprehensive income ("FVOCI")
- ii) Investment in debt component of optionally convertible preference shares of subsidiary at fair value through profit or loss ("FVTPL")
- iii) Defined benefit plans - plan assets

2.3 Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest Lakhs, except when otherwise indicated.

2.4 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and

expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 ("COVID 19"):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loans. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 40.

ii) Effective interest rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/expense that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in

particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.
- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").
- d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company



Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.17.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

2.5 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 38.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- i) The normal course of business
- ii) The event of default

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as stage 3, the Company calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

3.2 Financial instrument - initial recognition

A. Date of recognition

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.8), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- i) Amortised cost
- ii) FVOCI
- iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

- a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

- i) **Financial assets carried at amortised cost ("AC")**
A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- ii) **Financial assets measured at FVOCI**
A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.
- iii) **Financial assets at FVTPL**
A financial asset which is not classified in any of the above categories are measured at FVTPL.
- iv) **Investment in subsidiaries**
The Company has accounted for its investments in subsidiaries at cost.
- v) **Other equity investments**
All other equity investments are measured at fair value, with value changes recognised in other comprehensive income ("OCI").

B. Financial liability

- i) **Initial recognition and measurement**
All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.
- ii) **Subsequent measurement**
Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.



Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2020 and 31 March 2019.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

B. Derecognition of financial assets other than due to substantial modification

i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

As per the guidelines of RBI, the Company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continue to recognise the portion retained by it as MRR.

ii) Financial liability

A financial liability is derecognised when the obligation under the liability is discharged,

cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets together with loan commitments other than those measured at FVTPL.

Expected credit losses are measured through a loss allowance at an amount equal to:

- i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- ii) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company 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. It also includes upgraded stage 3 loans for which there are no overdue balance.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates

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the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

B. Calculation of ECLs

For retail loans

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD: Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD: Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, expected drawdowns on committed facilities, and accrued interest. Further, the stage 3 EAD for the purpose of the retail ECL computation is considering when loan became Stage 3 for the first time.

LGD: LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)

% LGD = 1 – recovery rate

For retail asset channel ("RAC") loan portfolio

For RAC loan portfolio, the Company has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Company consists of various parameters based on which RAC loan portfolio is evaluated and credit rating is assigned accordingly. The credit rating matrix developed by the Company is validated in accordance with its ECL policy.

The Company has developed its PD matrix based on the external benchmarking of various external reports, ratings & Basel norms. This PD matrix is calibrated with its historical data and major events on regular time interval in accordance with its ECL policy.

The LGD has been considered based on Basel-III Framework (International Regulatory Framework of Banks) for all the level of credit rating portfolio.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated EAD and LGDs are reviewed. While at every year end, PDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%. Credit impairment loans are determined at borrower level.

Loan commitments: When estimating ECL for undrawn loan commitments, the Company estimates the amount sanctioned that will be disbursed after the reporting date. The ECL is then calculated using PD and LGD.

Significant increase in credit risk

The Company monitors all financial assets, including loan commitments issued that are subject to impairment requirements, to assess whether there has been a significant increase in credit risk since initial recognition. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information



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that is reasonable and supportable, including historical experience that is available without undue cost or effort. However, when a financial asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is classified in Stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Definition of default

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

Financial assets in default represent those that are at least 90 DPD in respect of principal or interest and/or where the assets are otherwise considered to be unlikely to pay, including those that are credit-impaired.

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

- i) Real GDP (% change pa)
- ii) Lending interest rates
- iii) Manufacturing (% real change pa)
- iv) Services (% of GDP)

3.7 Write-offs

The gross carrying amount of a financial asset is written off when the chances of recoveries are remote. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;
- Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and
- Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 (I) Recognition of other income

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

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Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

A. Dividend income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

B. Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fees and commission income

Fees and commission income such as stamp and document charges, guarantee commission, service income etc. are recognised on point in time basis.

(II) Recognition of other expense

A. Borrowing costs

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of

funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives as specified under schedule II of the Act. Land is not depreciated.

The estimated useful lives are, as follows:

- i) Buildings - 60 years
- ii) Office equipment - 3 to 10 years
- iii) Furniture and fixtures - 10 years
- iv) Vehicles - 8 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.



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PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

3.12 Intangible assets

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

3.13 Impairment of non financial assets - property, plant and equipments and intangible assets

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

3.14 Leases

Effective 1 April 2019, the Company has adopted Ind-AS 116 - Leases and applied it to all lease contracts existing on 1 April 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the comparative figures.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

The following policies apply subsequent to the date of initial application, 1 April 2019.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

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3.15 Corporate guarantees

Corporate guarantees are initially recognised in the standalone financial statements (within "other non-financial liabilities") at fair value, being the notional commission. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss. The notional commission is recognised in the statement of profit and loss under the head fees and commission income on a straight line basis over the life of the guarantee.

3.16 Retirement and other employee benefits

Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries,

wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

3.17 Provisions, contingent liabilities and contingent assets

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

B. Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

C. Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed in the financial statements.



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3.18 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or equity.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.19 Earnings per share

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

3.20 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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NOTE 5. CASH AND CASH EQUIVALENTS

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Cash on hand	7.43	14.46
Balances with banks:		
In current / cash credit accounts	76,439.38	26,912.60
Bank deposits with original maturity of 3 months or less	26,000.00	8,650.00
Total cash and cash equivalents	102,446.81	35,577.06

NOTE 6. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
In current accounts (refer note below)	46.23	1,050.00
Unpaid dividend bank balances	2.98	0.49
In fixed deposit accounts:		
Deposits given as security against borrowings and other commitments	141.34	228.26
Total bank balance other than cash and cash equivalents	190.55	1,278.75

Note: Balance represents balance with banks in earmarked account i.e. "collection and payout account".

NOTE 7. LOANS (AT FVOCI)

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
(A) Term loans	333,776.56	321,853.69
(B) (i) Secured by tangible assets	235,153.77	217,910.66
(ii) Unsecured	98,622.79	103,943.03
Total (B)	333,776.56	321,853.69
(C) (I) Loans in India		
(i) Public sector	-	-
(ii) Private sector	333,776.56	321,853.69
Total (C)-Gross	333,776.56	321,853.69
(C) (II) Loans outside India	-	-
Total C(I) and C(II)	333,776.56	321,853.69

Notes:

- Secured exposures are exposures secured wholly or partly by hypothecation of assets, undertaking to create a security and/or personal guarantee.
- The Company has not advanced loans to its officer.
- Refer note no. 31(b) for loans to Company in which directors are interested.

NOTE 7.1 AN ANALYSIS OF CHANGES IN THE GROSS CARRYING AMOUNT OF LOANS IS GIVEN BELOW

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	308,419.88	10,159.84	6,579.60	325,159.32	244,584.23	7,708.58	4,746.91	257,039.72
Changes in opening credit exposures (net of repayment and excluding write off)	(214,197.08)	(3,454.45)	48.12	(217,603.41)	(187,693.68)	(4,862.05)	(1,250.40)	(193,806.13)
New assets originated (net of repayment)*	241,189.38	720.98	379.68	242,290.04	258,270.80	5,881.10	2,994.81	267,146.71
Transfers from Stage 1	(10,768.45)	6,217.20	4,551.25	-	(6,410.18)	3,912.70	2,497.48	-
Transfers from Stage 2	3,092.80	(4,875.85)	1,783.05	-	599.02	(1,353.04)	754.02	-
Transfers from Stage 3	9.18	0.25	(9.43)	-	6.48	8.28	(14.76)	-
Amounts written off	(100.60)	(132.75)	(7,040.42)	(7,273.77)	(936.79)	(1,135.73)	(3,148.46)	(5,220.98)
Gross carrying amount closing balance	327,645.11	8,635.22	6,291.85	342,572.18	308,419.88	10,159.84	6,579.60	325,159.32

* New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

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The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Company has offered a moratorium of three months on the payment of all principal instalments and / or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers, even if the said amounts were overdue on 29 February 2020. For all such accounts where the moratorium is granted, the Company has excluded the moratorium period from the number of days past due for the purpose of asset classification as per the Company's policy.

NOTE 7.2 RECONCILIATION OF ECL BALANCE IS GIVEN BELOW

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	1,109.09	1,136.42	1,354.42	3,599.93	767.54	918.97	464.57	2,151.08
Changes in opening credit exposures (net of repayment and excluding write off)	(370.14)	724.86	1,316.85	1,671.57	(614.93)	(251.70)	485.48	(381.15)
New assets originated (net of repayment)	1,554.36	95.46	115.46	1,765.28	988.97	720.10	568.40	2,277.47
Transfers from Stage 1	(111.31)	65.06	46.25	-	(33.84)	22.06	11.78	-
Transfers from Stage 2	31.35	(274.92)	243.57	-	5.27	(138.29)	133.02	-
Transfers from Stage 3	0.09	0.04	(0.13)	-	0.03	0.67	(0.70)	-
Amounts written off	(0.57)	(8.70)	(1,171.07)	(1,180.34)	(3.95)	(135.39)	(308.13)	(447.47)
ECL allowance - closing balance	2,212.87	1,738.22	1,905.35	5,856.44	1,109.09	1,136.42	1,354.42	3,599.93

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 7,273.77 Lakhs at 31 March 2020 (31 March 2019 : ₹ 5,220.98 Lakhs).

The increase in ECL was driven by an increase in the gross amount of the portfolio, movements between stages as a result of increase in credit risk, change in probability of default and macro economic factors due to estimated impact of COVID-19 pandemic. The extent to which COVID-19 pandemic will impact current estimates of ECL is uncertain at this point of time. The Company has conducted a qualitative assessment and has considered forecasted macro economic factors and a higher probability of default to factor in the potential impact of COVID-19 on impairment allowances. For further details, refer note no. 42.1.

NOTE 8. INVESTMENTS

	As at 31 March 2020				As at 31 March 2019			
	At amortised cost	At fair value through P&L	Others*	Total	At amortised cost	At fair value through P&L	Others*	Total
Investments								
Debt securities	500.00	-	-	500.00	-	-	-	-
Subsidiary #	-	1,032.77	2,217.26	3,250.03	-	-	2,227.05	2,227.05
Total - Gross (A)	500.00	1,032.77	2,217.26	3,750.03	-	-	2,227.05	2,227.05
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investments in India	500.00	1,032.77	2,217.26	3,750.03	-	-	2,227.05	2,227.05
Total (B)	500.00	1,032.77	2,217.26	3,750.03	-	-	2,227.05	2,227.05
Less: Allowance for Impairment Loss (C)	-	-	-	-	-	-	-	-
Total - Net D= (A)-(C)	500.00	1,032.77	2,217.26	3,750.03	-	-	2,227.05	2,227.05

* As per para 10 of Ind AS 27, the Company has opted to account the investments in subsidiary entity at cost.

Investment in subsidiary

	As at 31 March 2020	As at 31 March 2019
Investment in equity shares of subsidiary	1,975.00	1,975.00
Investment in debt component of optionally convertible preference shares of subsidiary	540.99	-
Deemed investment in optionally convertible preference shares of subsidiary	491.78	-
Investment in subsidiary on account of:		
Corporate financial guarantee given to bank on behalf of subsidiary	235.46	245.25
Issuance of equity shares to the employees of subsidiary at discount	6.80	6.80
Total	3,250.03	2,227.05

Note: The Company holds investment in 277 shares of Cosmos Co-operative Bank Limited, having carrying amount of ₹ 6,925 which has been written off during the year ended 31 March 2019.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 9. OTHER FINANCIAL ASSETS

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Security deposits	70.39	56.88
Interest accrued but not due on loans and advances	8,795.62	3,305.63
Interest accrued but not due on bank deposits	31.31	48.59
Interest accrued but not due on investments	2.77	-
Total other financial assets	8,900.09	3,411.10

NOTE 10. PROPERTY, PLANT AND EQUIPMENTS AND INTANGIBLE ASSETS

	(₹ In Lakhs)						
Nature of Assets	Property, plant and equipment (a)				Intangible assets (b)		
	Buildings	Office equipment	Furniture and fixtures	Vehicles	Total	Software	Total
Cost							
At 31 March 2018	662.07	221.90	189.00	136.49	1,209.46	24.75	24.75
Additions	6.13	58.74	46.80	45.32	156.99	2.02	2.02
Disposals	-	11.35	-	11.00	22.35	-	-
At 31 March 2019	668.20	269.29	235.80	170.81	1,344.10	26.77	26.77
Additions	-	114.18	72.06	-	186.24	10.63	10.63
Disposals	-	39.31	27.34	7.24	73.88	-	-
At 31 March 2020	668.20	344.16	280.52	163.57	1,456.46	37.40	37.40
Depreciation/Amortisation							
At 31 March 2018	9.12	46.37	26.37	21.45	103.31	7.35	7.35
Depreciation/amortization charge	11.37	61.47	22.89	24.50	120.23	8.47	8.47
Disposal	-	11.28	-	9.08	20.36	-	-
At 31 March 2019	20.49	96.56	49.26	36.87	203.18	15.82	15.82
Depreciation/amortization charge	11.44	62.50	27.94	25.37	127.25	10.51	10.51
Disposal	-	38.29	27.22	7.03	72.53	-	-
At 31 March 2020	31.93	120.77	49.98	55.22	257.90	26.33	26.33
Net block value:							
At 31 March 2018	652.95	175.53	162.63	115.04	1,106.15	17.40	17.40
At 31 March 2019	647.71	172.73	186.54	133.94	1,140.92	10.95	10.95
At 31 March 2020	636.27	223.39	230.54	108.36	1,198.56	11.07	11.07

Note: Building under construction amounting to ₹ 4,563.72 Lakhs has been re-classified from property, plant and equipments to capital work in progress.

(c) Right-of-use asset

The details of the right-of-use asset held by the Company is as follows:

	(₹ In Lakhs)
Office Premises	
At 01 April 2019	223.14
Additions	10.58
Disposals	13.02
At 31 March 2020	220.70
Depreciation	
At 01 April 2019	-
Additions	93.75
Disposals	1.49
At 31 March 2020	92.26
Net Block Value:	
At 31 March 2020	128.44

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(d) Capital work in progress

Capital work in progress includes borrowing costs related to development of building amounted to ₹ 231.57 Lakhs (previous year ₹ 32.56 Lakhs). Borrowing costs are capitalised using rates based on specific borrowing rate i.e. 9.25% to 9.90%.

NOTE 11. OTHER NON-FINANCIAL ASSETS

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	24.76	6.84
Advances to employees	11.46	12.48
Re-possessed assets	174.68	136.91
Gratuity fund [Refer note 39(b)]	-	17.23
Other advances	23.64	22.59
Total	234.54	196.05

NOTE 12. DEBT SECURITIES (AT AMORTISED COST)

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
- 400, 14.00% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	4,000.00	4,000.00
- 200, 13.50% Redeemable, Non-Convertible Debentures of ₹ 10,00,000 each	2,000.00	2,000.00
Less: Unamortised borrowing costs	(10.82)	(18.22)
Total	5,989.18	5,981.78
Debt securities in India	5,989.18	5,981.78
Debt securities outside India	-	-
Total	5,989.18	5,981.78

NOTE 13. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
(a) Term loans (refer note no. 13.1)		
(i) from banks	109,044.61	50,489.37
(ii) from other parties (financial institutions)	19,524.40	25,003.86
(b) Loans repayable on demand from banks - cash credit	16,494.45	43,478.04
(c) Short term loans		
(i) from banks	107,800.00	77,500.00
(ii) from other parties (financial institutions)	-	-
Less: Unamortised borrowing costs	(842.12)	(488.28)
Total	252,021.34	195,982.99
Secured	249,545.92	195,982.99
Unsecured	2,475.42	-
Total	252,021.34	195,982.99
Borrowings in India	252,021.34	195,982.99
Borrowings outside India	-	-
Total	252,021.34	195,982.99

Note: Cash credit / short term loans from banks are secured by hypothecation of movable assets of the Company and goods covered under hypothecation ("HP") agreements / Loan cum HP agreements and relative book debts, receivables, loans and advances and entire portfolio outstanding (except specific portfolio generated from various term loans sanctioned by various banks/financial institutions on an exclusive basis) and equitable mortgage/negative lien by deposit of title deeds on some of the Company's immovable properties, as collateral security. The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi, Mr. Mukesh Chimanlal Gandhi and Mrs. Shweta Kamlesh Gandhi.

The Company has not defaulted in repayment of borrowings and interest.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 13.1 DETAILS OF TERMS OF REDEMPTION/REPAYMENT AND SECURITY PROVIDED IN RESPECT OF DEBT SECURITIES AND BORROWINGS:

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
(₹ In Lakhs)				
Debentures				
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 Lakhs each	4,000.00	4,000.00	Coupon Rate: 13.00% p.a. Coupon Payment frequency: Quarterly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenure Tenure :7 years	N.A.
200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 Lakhs each	2,000.00	2,000.00	Coupon Rate: 13.50% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenure Tenure : 6 years and 6 months	N.A.
Total debentures	6,000.00	6,000.00		
Term loans from banks				
Term Loan - 1	3,000.00	6,000.00	Repayable in 10 Quarterly installments from 5 December 2018.	Secured by a first charge on hypothecation of present and future loan receivables.
Term Loan - 2	250.00	625.00	Repayable in 20 Quarterly installments from 30 September 2015.	Secured by a first ranking and exclusive charge on standard receivables of the Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 3	150.00	375.00	Repayable in 20 Quarterly installments from 30 September 2015.	Secured by a first ranking and exclusive charge on standard receivables of the Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 4	1,200.00	1,800.00	Repayable in 20 Quarterly installments from 30 September 2016.	Secured by a first ranking and exclusive charge on standard receivables of the Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 5	11.56	1,896.48	Repayable in 36 monthly installments from 7 April 2017.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 6	2,397.16	4,007.58	Repayable in 36 monthly installments from 7 August 2018.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 7	2,537.23	4,135.07	Repayable in 36 monthly installments from 7 September 2018.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 8	2,210.79	2,460.08	Repayable in 96 monthly installments from 7 April 2018.	First and exclusive charge on land, property and commercial property under construction.
Term Loan - 9	3,071.81	-	Repayable in 36 monthly installments from 7 November 2019.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loan - 10	750.00		- Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 11	3,000.00		- Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 12	1,250.00		- Repayable in 36 monthly installments from 7 April 2020.	Secured by a first and exclusive charge on specific receivables of the Company created out of the loan availed .
Term Loan - 13	1,041.67	1,875.00	Repayable in 36 monthly installments from 31 July 2018.	First and exclusive charge by way of hypothecation on the Company's book debts and loan installments receivables.
Term Loan - 14	1,071.81	2,046.62	Repayable in 30 monthly installments from 27 October 2018.	Secured by a first and exclusive charge on specific book debt and future receivables of the Company created/to be created out of the loan availed .
Term Loan - 15	10,416.67	7,500.00	Repayable in 36 monthly installments from 30 April 2019.	First exclusive charge of present and future book debts and receivables of the Company.
Term Loan - 16	7,272.73	10,000.00	Repayable in 11 Quarterly installments from 1 July 2019.	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company out of the bank finance.
Term Loan - 17	2,500.00	5,000.00	Repayable in 16 Quarterly installments from 30 June 2017.	Secured by Hypothecation of portfolio of the Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 18	347.22	1,180.55	Repayable in 36 monthly installments from 1 September 2017.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 19	888.88	1,555.56	Repayable in 36 monthly installments from 1 August 2018.	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 20	2,083.33		- Repayable in 12 Quarterly installments from 30 November 2019.	Exclusive charge on specific standard book debts and receivables which are financed / to be financed by the Company out of the bank finance.
Term Loan - 21	6,000.00		- Repayable in 8 Quarterly installments from 30 September 2020.	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 22	10,000.00		- Repayable in 12 Quarterly installments from 31 March 2020.	Exclusive charge by way of hypothecation of such of the book debts, which are financed/ to be financed by the Company out of the bank financed to the Company.
Term Loan - 23	8,450.00		- Repayable in 16 Quarterly installments from 30 September 2019.	Hypothecation of standard portfolio of the Company created out of the term loan.
Term Loan - 24	19,125.00		- Repayable in 16 Quarterly installments from 29 February 2020.	Hypothecation of standard portfolio of the Company created out of the term loan.
Term Loan - 25	20,000.00		- Repayable in 18 Quarterly installments from 31 December 2020.	Exclusive charge by the way of hypothecation on specific receivables of the Company
Vehicle Loans - 26	18.75	32.43	Repayable in 36 monthly installments from 5 July 2018.	Secured by hypothecation of the vehicle financed.
Total term loans from banks	109,044.61	50,489.37		

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
(₹ In Lakhs)				
Term loans from others				
Term Loans from a Financial Institution - 1	2,202.89	3,352.23	Repayable in 36 monthly installments from 15 March 2019.	Exclusive charge by way of hypothecation of specific standard receivable of the Company.
Term Loans from a Financial Institution - 2	-	2,000.00	Repayable in 12 Quarterly installments from 30 April 2019.	Exclusive charge by way of hypothecation of specific standard receivable of the Company.
Term Loans from a Financial Institution - 3	3,378.95	4,875.45	Repayable in 36 monthly installments from 10 March 2019.	Secured by hypothecation of specific book debts created out of the loan availed.
Term Loans from a Financial Institution - 4	2,146.17	4,094.36	Repayable in 10 Quarterly installments from 18 December 2018.	Exclusive hypothecation charge over receivables/ loan assets/ book debts of the Company.
Term Loans from a Financial Institution - 5	-	181.82	Repayable in 11 quarterly installments from 31 December 2016.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 6	200.00	1,000.00	Repayable in 10 quarterly installments from 31 March 2018.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 7	2,500.00	4,500.00	Repayable in 10 quarterly installments from 31 March 2019.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 8	3,333.33	5,000.00	Repayable in 36 monthly installments from 30 April 2019.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 9	2,430.56	-	Repayable in 36 monthly installments from 31 March 2020.	Secured by exclusive first charge by way of hypothecation of specific book debts of the Company created out of the loan availed.
Term Loans from a Financial Institution - 10	2,500.00	-	Bullet Repayment on 17 August 2026.	N.A.
Term Loans from a Financial Institution - 11	832.50	-	Repayable in 10 quarterly installments from 10 March 2020.	Exclusive first charge by way of hypothecation of book debts and receivables of secured loans provided by the Borrower.
Total term loans from others	19,524.40	25,003.86		

NOTE 14. OTHER FINANCIAL LIABILITIES

	As at 31 March 2020	As at 31 March 2019
(₹ In Lakhs)		
Interest accrued but not due on borrowings	1,213.79	396.02
Interest accrued but not due on others	3,319.54	3,078.89
Dues to the assignees towards collections from assigned receivables	26,149.22	17,922.21
Security deposits received from borrowers	49,730.87	50,878.81
Advances received against loan agreements	10,022.97	-
Unpaid dividend on equity shares	2.98	0.49
Dealer advances	108.05	142.90
Lease liability	146.45	-
Total other financial liabilities	90,693.87	72,419.32

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 15. PROVISIONS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits (Refer note 39)		
Compensated absences	-	15.84
Gratuity	45.65	-
Total provisions	45.65	15.84

NOTE 16. OTHER NON-FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Statutory remittances	442.68	474.92
Financial guarantee liability	1.76	16.24
Income received in advance	1,414.29	1,447.42
Total other non-financial liabilities	1,858.73	1,938.58

NOTE 17. EQUITY SHARE CAPITAL

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Authorized shares:		
64,000,000 Equity Shares of ₹ 10 each (As at 31 March 2019: 64,000,000 Equity Shares of ₹ 10 each)	6,400.00	6,400.00
22,000,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2019: 22,000,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
22,000,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2019: 22,000,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each (As at 31 March 2019: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each)	400.00	400.00
	11,200.00	11,200.00
Issued, subscribed and fully paid-up shares:		
54,662,043 "Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2019: 54,662,043 Equity Shares of ₹ 10 each)"	5,466.20	5,466.20
	5,466.20	5,466.20

NOTE 17.1 RECONCILIATION OF THE NUMBER OF SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING YEAR:

(₹ In Lakhs)

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Equity Shares				
Outstanding at the beginning of the year	54,662,043	5,466.20	54,662,043	5,466.20
Issued during the year	-	-	-	-
Outstanding at the end of the year	54,662,043	5,466.20	54,662,043	5,466.20

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 17.2 DETAILS OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES:

Class of shares / Name of shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Shweta Kamlesh Gandhi	16,338,450	29.89%	16,338,450	29.89%
Mukesh C. Gandhi	16,155,814	29.56%	16,155,814	29.56%
Kamlesh C. Gandhi	6,281,583	11.49%	6,264,081	11.46%
Vistra ITCL I Limited Business Excellence Trust III India Business	4,005,737	7.33%	3,990,422	7.30%
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund	2,778,491	5.08%	-	-

Note: 4,250 equity shares were purchased by Kamlesh C. Gandhi (2,250 shares on 30 March 2020 and 2,000 shares on 31 March 2020). However the said shares were not reflected under the BENPOS received from Registrar and Transfer Agent as the same were in transit. Therefore, the same have not been included under the shareholding pattern for the year ended on 31 March 2020.

NOTE 17.3 DETAILS OF BONUS SHARES ISSUED DURING THE FIVE YEARS IMMEDIATELY PRECEDING THE BALANCE SHEET DATE:

2,40,00,188 equity shares of ₹ 10 each fully paid-up were allotted as bonus shares by capitalisation of general reserve and balance from the statement of profit and loss during the year ended 31 March 2017.

NOTE 17.4 TERMS / RIGHTS ATTACHED TO EQUITY SHARES

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

NOTE 18. OTHER EQUITY (REFER NOTE 18.1)

	As at	
	31 March 2020	31 March 2019
Reserve u/s. 45-IC of RBI Act, 1934		
Outstanding at the beginning of the year	10,957.75	7,915.45
Additions during the year	3,564.26	3,042.30
Outstanding at the end of the year	14,522.01	10,957.75
Securities premium		
Outstanding at the beginning of the year	42,687.43	42,687.43
Additions during the year	-	-
Outstanding at the end of the year	42,687.43	42,687.43
Retained earnings		
Outstanding at the beginning of the year	27,309.10	17,557.38
Profit for the year	17,821.31	15,211.51
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	(22.21)	(9.51)
Transition impact of Ind AS 116	(10.31)	-
	45,097.89	32,759.38
Appropriations:		
Transfer to reserve u/s. 45-IC of RBI Act, 1934	(3,564.26)	(3,042.30)
Final dividend on equity shares	(1,967.83)	(1,180.70)
Interim dividend on equity shares	(4,372.96)	(819.93)
DDT on equity dividend	(1,307.26)	(407.35)
Total appropriations	(11,212.31)	(5,450.28)
Retained earnings	33,885.58	27,309.10
Other comprehensive income		
Outstanding at the beginning of the year	4,561.22	3,759.60
Equity instruments through other comprehensive income	-	(1.10)
Loans and advances through other comprehensive Income	658.09	(993.77)
Impairment on loans and advances through OCI	2,256.51	1,448.85
Income tax relating to items that will not be reclassified to profit or loss	-	0.38
Income tax relating to items that will be reclassified to profit or loss	(165.64)	347.26
Other comprehensive income for the year, net of tax	7,310.18	4,561.22
Total other equity	98,405.20	85,515.50

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 18.1 NATURE AND PURPOSE OF RESERVE

1 Reserve u/s. 45-IC of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934")

Reserve u/s. 45-IC of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

3 Retained earnings

Retained earnings is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

4 FVOCI equity investments

The Company has elected to recognise changes in the fair value of investments in equity securities (other than investment in subsidiary) in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

5 FVOCI - loans and advances

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity. The Company transfers amounts from this reserve to the statement of profit and loss when the loans and advances are sold.

6 Remeasurement of the defined benefit liabilities

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

NOTE 18.2 EQUITY DIVIDEND PAID AND PROPOSED

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Declared and paid during the year		
Dividends on equity shares:		
Final dividend for 31 March 2019: ₹ 3.60 per share (31 March 2018: ₹ 2.16 per share)	1,967.83	1,180.70
Interim dividend for 31 March 2020: ₹ 8 per share (31 March 2019 : ₹ 1.5 per share)	4,372.96	819.93
Total dividends paid	6,340.79	2,000.63

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Proposed for approval at Annual General Meeting (not recognised as a liability)		
Dividend on equity shares:		
Final dividend for 31 March 2020: Nil per share (31 March 2019: ₹ 3.60 per share)	-	1,967.83
DDT on proposed dividend	-	404.49

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 19. INTEREST INCOME

(₹ In Lakhs)

	Year ended 31 March 2020			Year ended 31 March 2019		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Interest on loans	52,821.76	-	52,821.76	44,425.83	-	44,425.83
Interest on deposits with banks	-	1,155.47	1,155.47	-	654.11	654.11
Other interest income	719.38	1,220.53	1,939.91	498.68	873.41	1,372.09
Total	53,541.14	2,376.00	55,917.14	44,924.51	1,527.52	46,452.03

NOTE 20. OTHER INCOME

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Rental income	14.40	13.35
Net gain/(loss) on derecognition of property, plant and equipment	(0.82)	1.76
Dividend income	6.33	2.59
Income from debt component of OCPS investment in subsidiary	32.78	-
Income from non-financing activity	9.97	6.98
Interest income from NCD	8.26	-
Gain on derecognition of leased asset	0.83	-
Total	71.75	24.68

NOTE 21. FINANCE COST (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Interest on borrowings	20,438.14	14,524.52
Interest on debt securities	791.81	796.68
Other interest expense	4,895.94	4,327.99
Other borrowing cost	1,057.95	764.14
Lease liability interest obligation	17.86	-
Total	27,201.70	20,413.33

NOTE 22. IMPAIRMENT ON FINANCIAL ASSETS (ON FINANCIAL ASSETS MEASURED AT FVOCI)

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Loans		
- Expected credit loss	2,256.51	1,448.85
- Write off (net of recoveries)	6,419.14	4,003.88
Total	8,675.65	5,452.73

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 23. EMPLOYEE BENEFITS EXPENSE

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	4,949.82	4,485.01
Contribution to provident fund and other funds	188.62	149.45
Gratuity expense	38.63	36.59
Staff welfare expenses	63.72	43.58
Total	5,240.79	4,714.63

NOTE 24. DEPRECIATION AND AMORTISATION

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment	127.25	120.23
Amortisation of intangible assets	10.51	8.47
Right-of-use asset depreciation	93.75	-
Total	231.51	128.70

NOTE 25. OTHER EXPENSES

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Rent (Refer note no. 33)	126.85	177.35
Rates and taxes	9.78	8.71
Stationery and printing	91.10	78.57
Telephone	64.86	67.16
Electricity	72.83	68.29
Postage and courier	85.40	81.34
Insurance	93.62	123.08
Conveyance	138.45	194.99
Travelling	238.72	263.26
Repairs and maintenance:		
Building	39.72	28.04
Others	127.30	110.66
Professional fees	490.58	625.52
Payment to auditors (Refer note below)	59.51	48.38
Director's sitting fees	7.41	4.04
Legal expenses	154.07	80.70
Bank charges	253.96	131.10
Advertisement expenses	204.04	162.51
Loss on sale of repossessed assets (net)	327.03	200.44
Sales promotion expenses	48.00	51.21
Donation	-	0.15
Recovery contract charges	65.03	90.25
Corporate social responsibility expenditure (Refer note no. 29)	53.91	25.87
Miscellaneous expenses	160.07	129.71
Total	2,912.24	2,751.33

Note: Payment to auditors (including taxes)

As auditor		
Statutory audit	24.71	22.42
Limited review of quarterly results	29.43	24.78
Other services	2.18	-
Reimbursements of expenses	3.19	1.18
	59.51	48.38

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 26. TAX EXPENSES

The components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Current tax	6,291.68	8,226.41
Adjustment in respect of current income tax of prior years	(96.10)	8.93
Deferred tax	(569.13)	(53.90)
Total tax charge	5,626.45	8,181.44
Current tax	6,195.58	8,235.34
Deferred tax	(569.13)	(53.90)

The Taxation Laws (Amendment) Ordinance, 2019 contained substantial amendments in the Income Tax Act, 1961 and the Finance (No. 2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax liabilities at the concessional tax rate during the year ended 31 March 2020. Further, the opening net deferred tax liability had been re-measured at lower rate with a one-time impact of ₹ 240.70 Lakhs recognised in the standalone financial statement for the year ended 31 March 2020.

NOTE 26.1 RECONCILIATION OF THE TOTAL TAX CHARGE

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 31 March 2019 is, as follows:

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Accounting profit before tax	23,447.76	23,392.95
Applicable tax rate	25.170%	34.944%
Computed tax expense	5,901.80	8,174.43
Tax effect of :		
Exempted income	(2.68)	(9.71)
Non deductible items	77.28	9.63
Adjustment on account of change in tax rate	(240.70)	-
Adjustment in respect of current income tax of prior years	(96.10)	8.93
Others	(13.15)	(1.84)
Tax expenses recognised in the statement of profit and loss	5,626.45	8,181.44
Effective tax rate	23.996%	34.974%

NOTE 26.2 DEFERRED TAX

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Deferred tax asset / liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	(860.55)	(1,267.20)
Credit / (charge) for loans and advances through OCI	(165.64)	347.26
Credit / (charge) for equity instruments through OCI	-	0.38
Credit / (charge) for remeasurement of the defined benefit liabilities	7.47	5.11
Credit / (charge) to the statement of profit and loss	569.13	53.90
Credit/(Charge) to other equity	3.47	-
At the end of year DTA / (DTL) (net)	(446.12)	(860.55)

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(₹ In Lakhs)					
	As at 31 March 2019	Statement of profit and loss	OCI	Other Equity	As at 31 March 2020
Component of deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to:					
Difference between written down value of fixed assets as per books of accounts and income tax	(41.43)	5.61	-	-	(35.82)
Deferred tax on fair value of investments	(2.38)	0.67	-	-	(1.71)
Impact of fair value of assets	60.50	(16.93)	(165.64)	-	(122.07)
Income taxable on realised basis	(2121.06)	343.62	-	-	(1,777.44)
Deferred tax on prepaid finance charges	(19.68)	16.17	-	-	(3.51)
Impairment on financial assets	1257.96	216.11	-	-	1,474.07
Recognition of lease liability and right to use asset	-	1.06	-	3.47	4.53
Expenses allowable on payment basis	5.54	2.82	7.47	-	15.83
Total	(860.55)	569.13	(158.17)	3.47	(446.12)

(₹ In Lakhs)					
	As at 31 March 2018	Statement of profit and loss	OCI	Other Equity	As at 31 March 2019
Component of deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to:					
Difference between written down value of fixed assets as per books of accounts and income tax	(32.98)	(8.45)	-	-	(41.43)
Deferred tax on fair value of investments	(5.45)	2.69	0.38	-	(2.38)
Impact of fair value of assets	(286.76)	-	347.26	-	60.50
Income taxable on realised basis	(1,694.53)	(426.53)	-	-	(2,121.06)
Deferred tax on prepaid finance charges	(25.55)	5.87	-	-	(19.68)
Impairment on financial assets	751.66	506.30	-	-	1,257.96
Expenses allowable on payment basis	26.41	(25.98)	5.11	-	5.54
Total	(1,267.20)	53.90	352.75	-	(860.55)

NOTE 26.3 CURRENT TAX LIABILITIES

(₹ In Lakhs)		
	As at 31 March 2020	As at 31 March 2019
Provision for tax [net of advance tax of Nil (31 March 2019 ₹ 6,614.30 Lakhs)]	-	1,621.04

NOTE 26.4 INCOME TAX ASSETS

(₹ In Lakhs)		
	As at 31 March 2020	As at 31 March 2019
Income tax assets [net of provision for tax of ₹ 27,289.09 Lakhs (31 March 2019 ₹ 12,771.00 Lakhs)]	221.38	95.16

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 27. EARNINGS PER SHARE

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
(A) Basic earnings per share		
Net profit for the year attributable to equity shareholders (basic) (numerator)	17,821.30	15,211.50
Computation of weighted average number of shares (denominator)	Nos.	Nos.
Weighted average number of equity shares of ₹ 10 each used for calculation of basic earnings per share	54,662,043	54,662,043
Basic earnings per share of face value of ₹ 10 each (in ₹)	32.60	27.83
(B) Diluted earnings per share		
Profit attributable to equity shareholders (diluted) (numerator)	17,821.30	15,211.50
Computation of weighted average number of shares (denominator)	Nos.	Nos.
Weighted average number of equity shares as above	54,662,043	54,662,043
Diluted earnings per share of face value of ₹ 10 each (in ₹)	32.60	27.83

NOTE 28. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
(A) Contingent liabilities		
I) Guarantees given on behalf of subsidiary company : (Refer note i)		
a) To banks		
Amount of guarantees ₹ 4,300 Lakhs (31 March 2019: ₹ 6,300 Lakhs)		
Amount of loans outstanding	300.30	1,017.56
b) To National Housing Bank ("NHB")		
Amount of guarantees ₹ 500 Lakhs (31 March 2019: ₹ 200 Lakhs)		
Amount of loan outstanding	168.64	312.01
(B) Commitments		
I) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
Property, plant and equipment	-	20.08
II) Loan commitments for sanctioned but not disbursed amount	200.00	4,000.00

Notes:

- i) Guarantees are given by the Company to various banks and NHB on behalf of the subsidiary company for the loan taken and accordingly, the same has been shown as contingent liability.

NOTE 29. CORPORATE SOCIAL RESPONSIBILITY ("CSR") EXPENSES:

The gross amount required to be spent by the Company during the year towards CSR is ₹ 330.04 Lakhs (31 March 2019: ₹ 228.52 Lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below:

	In cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any assets	Year ended 31 March 2020	-	-
	(Year ended 31 March 2019)	-	-
(ii) On purposes other than (i) above	Year ended 31 March 2020	53.91	53.91
	(Year ended 31 March 2019)	25.87	25.87

NOTE 30. SEGMENT REPORTING:

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 31. RELATED PARTY DISCLOSURES:

(a) Related party disclosures as required by Ind AS 24 - Related Party Disclosures.

List of related parties and relationships:

Sr. No.	Nature of relationship	
1	Subsidiary	HAAS Rural Housing & Mortgage Finance Limited
2	Key management personnel (where there are transactions)	Mr. Kamlesh C. Gandhi (Chairman and managing director) Mr. Mukesh C. Gandhi (Whole time director and chief financial officer) Mrs. Darshana S. Pandya (Director and chief executive officer) Mr. Bala Bhaskaran (Independent director) Mr. Umesh Shah (Independent director) Mr. Chetanbhai Shah (Independent director) Mrs. Daksha Shah (Independent director)
3	Other related parties (where there are transactions)	Prarthna Marketing Private Limited Anamaya Capital LLP Mrs. Shweta K. Gandhi Mr. Dhvanil K. Gandhi Mr. Saumil D. Pandya

Transactions with related parties are as follows:

(₹ In Lakhs)

	Year ended 31 March 2020			
	Subsidiary	Key management personnel	Other related parties	Total
Rent income	14.40	-	-	14.40
Recovery contract charges received	2.40	-	-	2.40
Expenditure reimbursed by	80.25	-	-	80.25
Remittances of collection received on behalf of	29.03	-	-	29.03
Remuneration (including bonus)	-	1,723.80	68.28	1,792.08
Dividend received	6.33	-	-	6.33
Dividend paid	-	2,602.63	2,059.85	4,662.48
Investment	1,000.00	-	-	1,000.00
Sitting fees	-	6.80	-	6.80

(₹ In Lakhs)

	Year ended 31 March 2019			
	Subsidiary	Key management personnel	Other related parties	Total
Rent income	13.35	-	-	13.35
Recovery contract charges received	2.40	-	-	2.40
Expenditure reimbursed by	32.59	-	-	32.59
Remittances of collection received on behalf of	53.31	-	-	53.31
Remuneration (including bonus)	-	1,468.25	54.75	1,523.00
Dividend received	2.58	-	-	2.58
Dividend paid	-	821.03	646.97	1,468.00
Investment	900.00	-	-	900.00
Sitting fees	-	3.70	-	3.70

Balances outstanding from related parties are as follows:

(₹ In Lakhs)

	As at 31 March 2020			
	Subsidiary	Key management personnel	Other related parties	Total
Bonus payable	-	96.38	1.80	98.18
Investment	3,250.03	-	-	3,250.03
Guarantees outstanding	468.94	-	-	468.94

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

	As at 31 March 2019			(₹ In Lakhs)
	Subsidiary	Key management personnel	Other related parties	Total
Bonus payable	-	159.57	1.57	161.14
Investment	2,227.05	-	-	2,227.05
Guarantees outstanding	1,329.57	-	-	1,329.57

Financial guarantee commission income amounts to ₹ 4.69 Lakhs (31 March 2019: ₹ 13.50 Lakhs) on account of fair valuation of corporate financial guarantee given to bank on behalf of subsidiary.

All transactions with these related parties are priced on an arm's length basis. None of the balances is secured.

Key managerial personnel who are under the employment of the Company are entitled to post employment benefits and other employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements.

Transactions with key management personnel are as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
Post-employment benefits	2.48	27.71
Other long term employment benefits	-	14.04
	2.48	41.75

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

(b) Disclosures as per Regulation 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements Regulations, 2015).

Loans and advances in the nature of loans to companies in which directors are interested as under:

Sr. No.	Name	As at 31 March 2020	Maximum balance out-standing during the year ended 31 March 2020	As at 31 March 2019	Maximum balance out-standing during the year ended 31 March 2019
1	Paras Capfin Company Private Limited	-	-	-	857.75
2	M Power Micro Finance Private Limited	1,300.00	1,300.00	500.00	3,350.97

* The director interested in Paras Capfin Company Private Limited redeemed his holding on 11 May 2018 and hence, the disclosures made are of amount outstanding as on 11 May 2018 and maximum balance outstanding up to that date.

NOTE 32. Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

	As at 31 March 2020	As at 31 March 2019
Principal amount payable to suppliers as at year-end	-	-
Interest due thereon as at year end	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates	-	-
Amount of delayed payment actually made to suppliers during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 33. NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

The Company has applied the following standards and amendments for the first time for annual reporting period commencing from 1 April 2019.

NOTE 33.1 IND AS 116 : LEASES

Nature of the effect of adoption of Ind AS 116

The Company has lease contracts for office / branch premises. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The operating lease commitments as of 31 March 2019 reconciled with lease liabilities as at 1 April 2019 as follows:

	(₹ In Lakhs)
Future operating lease commitments as at 31 March 2019	254.53
Weighted average incremental borrowing rate as at 1 April 2019	9.00%
Discounted operating lease commitments at 1 April 2019	208.76
Change in estimate of lease term	-
Lease liabilities as at 1 April 2019	208.76

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

The effect of adoption Ind AS 116 as at 1 April 2019 [increase/(decrease)] is as follows:

	(₹ In Lakhs)
Assets	
Right of use assets	223.14
Deferred tax asset (net)	3.46
Total Assets	226.60
Liabilities	
Financial liabilities - lease liabilities	236.91
Other equity	(10.31)
Total liabilities	226.60

Amounts recognised in the balance sheet and statement of profit and loss

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the year:

	(₹ In Lakhs)	
	Right to use of assets Buildings	Lease liabilities
As at 1 April 2019		
Recognition on initial application of Ind AS 116	223.14	236.91
Depreciation and amortisation expenses	(92.26)	-
Interest expenses	-	17.86
(Deductions) / adjustment	(2.44)	(1.77)
Payments	-	(106.55)
As at 31 March 2020	128.44	146.45

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

Set out below, are the amounts recognised in statement of profit or loss:

	(₹ In Lakhs)
Post-amendment in Ind AS 116	
Depreciation expense of right-of-use assets	93.75
Interest expense on lease liabilities	17.86
Rent expense - short-term leases and leases of low value assets	126.85
Gain on derecognition of leased asset	(0.83)
Total amounts recognised in profit or loss	237.63
Pre-amendment in Ind AS 116	
Rent expense	233.40
Total amount that would have been recognised in profit or loss	233.40

NOTE 34. Disclosures required in terms of Annexure XIV of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 (updated as on 17 February 2020) "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below:

NOTE 34.1 CAPITAL

		(₹ In Lakhs)	
		As at 31 March 2020	As at 31 March 2019
i)	CRAR (%)	31.97%	29.13
ii)	CRAR - Tier I capital (%)	29.88%	27.40
iii)	CRAR - Tier II capital (%)	2.09%	1.73
iv)	Amount of subordinated debt raised as Tier-II capital (refer note below)	4,500.00	3,200.00
v)	Amount raised by issue of perpetual debt instruments	-	-

Note: These instruments are designated as debt.

NOTE 34.2 INVESTMENTS

		(₹ In Lakhs)	
		As at 31 March 2020	As at 31 March 2019
1.	Value of investments		
(i)	Gross value of investments		
(a)	In India	3,750.03	2,227.05
(b)	Outside India	-	-
(ii)	Provisions for depreciation		
(a)	In India	-	-
(b)	Outside India	-	-
(iii)	Net value of investments		
(a)	In India	3,750.03	2,227.05
(b)	Outside India	-	-
2.	Movement of provisions held towards depreciation on investments.		
(i)	Opening balance	-	-
(ii)	Add : Provisions made during the year	-	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-
(iv)	Closing balance	-	-

NOTE 34.3 DERIVATIVES

The Company has not entered into any derivative transactions and hence the disclosure required has not been made.

NOTE 34.4 DISCLOSURES RELATING TO SECURITISATION

The Company sells loans through direct assignment transactions.

The information of securitization / direct assignment by the Company as originator as required by RBI circular DNBS. PD. No. 301/ 3.10.01/ 2012-13 dated 21 August 2012 is as under:

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(a) For Securitization Transaction

		(₹ In Lakhs)	
Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
1	No of SPVs sponsored by the Company for securitization transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the Company	-	-
3	Total amount of exposures retained by the Company to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitizations		
	• First loss	-	-
	• Others	-	-

(b) For Assignment Transaction

		(₹ In Lakhs)	
Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
1	No of SPVs sponsored by the Company for assignment transactions	N.A.	N.A.
2	Total amount of assigned assets as per books of the Company (excluding accrued interest)	289,204.73	225,663.65
3	Total amount of exposures retained by the Company to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	-	-
	• Others	27,985.75	22,792.44
4	Amount of exposures to assignment transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own assignments		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party assignments		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own assignments		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party assignments		
	• First loss	-	-
	• Others	-	-
	Dues to assignees towards collections from assigned receivables	26,149.22	17,922.21

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.5 DETAILS OF FINANCIAL ASSETS SOLD TO SECURITISATION / RECONSTRUCTION COMPANY FOR ASSET RECONSTRUCTION

The Company has not sold financial assets to securitisation / reconstruction company for asset reconstruction during the year (previous year Nil)

NOTE 34.6 DETAILS OF ASSIGNMENT TRANSACTIONS UNDERTAKEN BY NBFCs

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
(i) No. of accounts	429,305	207,023
(ii) Aggregate value (net of provisions) of accounts sold	296,366.75	228,341.30
(iii) Aggregate consideration	296,366.75	228,341.30
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

NOTE 34.7 DETAILS OF NON-PERFORMING FINANCIAL ASSETS PURCHASED / SOLD.

The Company has not purchased or sold non-performing financial assets during the year (previous year Nil).

NOTE 34.8 ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES.

	(₹ In Lakhs)								
	1 day to 30/31 days (1 month)	Over 1 month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Bank Fixed Deposits	26,000.00	49.28	54.98	8.06	0.91	3.11	-	25.00	26,141.34
Advances	6,125.15	5,565.64	14,611.43	45,756.96	85,861.83	153,003.45	20,064.02	2,788.08	333,776.56
Investments	-	-	-	500.00	-	-	333.33	2,916.70	3,750.03
Borrowings	1,845.61	4,341.54	6,890.03	12,186.31	150,806.67	79,456.73	-	2,483.63	258,010.52
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

NOTE 34.9 EXPOSURE TO REAL ESTATE SECTOR

	(₹ In Lakhs)	
Category	As at 31 March 2020	As at 31 March 2019
a) Direct exposure		
(i) Residential mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	-	-
(ii) Commercial real estate - Lending secured by mortgages on commercial real estates (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits;	2,872.39	972.06
(iii) Investments in Mortgage Backed Securities ("MBS") and other securitised exposures -		
a. Residential	-	-
b. Commercial real estate	-	-

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.10 EXPOSURE TO CAPITAL MARKET

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,975.00	1,975.00
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to venture capital funds (both registered and unregistered)	-	-
Total exposure to capital market	1,975.00	1,975.00

NOTE 34.11 DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

Not applicable

NOTE 34.12 DETAILS OF SINGLE BORROWER LIMIT ("SGL") / GROUP BORROWER LIMIT ("GBL") EXCEEDED BY THE NBFC

- i) Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the NBFC:

Nil

- ii) Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the NBFC:

Nil

NOTE 34.13 UNSECURED ADVANCES

- a) Refer note no. 7(B)(ii) to the financial statements.
- b) The Company has not granted any advances against intangible securities (31 March 2019: Nil).

NOTE 34.14 REGISTRATION NUMBER OBTAINED FROM RBI:

B. 01. 00241

NOTE 34.15 DISCLOSURE OF PENALTIES IMPOSED BY RBI AND OTHER REGULATORS

During the financial year ended 31 March 2020, no penalties have been imposed by RBI and other regulators (31 March 2019: Nil).

NOTE 34.16 RELATED PARTY TRANSACTIONS

Refer note no. 31 to the financial statements.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.17 RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

By Acuite Ratings & Research:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	420,000	ACUITE AA-(Stable)	No migration of rating
Commercial paper issue	30,000	ACUITE A1+	No migration of rating

By ICRA:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Subordinate debt	6,000	ICRA A (stable)	No migration of rating

By Care Ratings:

INSTRUMENT	AMOUNT	CURRENT RATING	PREVIOUS RATING
Long term bank facilities	415,000	CARE A+ (Stable)	No migration of rating
Short term bank facilities	10,000	CARE A1+	No migration of rating
Commercial paper programme	25,000	CARE A1+	No migration of rating

NOTE 34.18 REMUNERATION OF DIRECTORS

Refer note no. 31 to the financial statements.

NOTE 34.19 MANAGEMENT

The annual report has a detailed chapter on Management Discussion and Analysis.

NOTE 34.20 NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGE IN ACCOUNTING POLICIES

The Company has applied Ind AS 116 for the first time for annual reporting period commencing from 1 April 2019. Refer note 33 to the financial statements.

NOTE 34.21 REVENUE RECOGNITION

Refer note no. 3.1 to the financial statements.

NOTE 34.22 IND AS 110 - CONSOLIDATED FINANCIAL STATEMENTS (CFS)

All the subsidiaries of the Company have been consolidated as per Ind AS 110. Refer consolidated financial statements.

NOTE 34.23 PROVISIONS AND CONTINGENCIES

The information on all provisions and contingencies is as under:

Break up of 'provisions and contingencies' shown under the head expenditure in the statement of profit and loss	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Provision for depreciation on investment	-	-
Provision towards non performing assets (Stage 3 loan assets)	550.93	889.85
Provision made towards income tax	6,195.58	8,235.34
Provision towards standard assets (Stage 1 and 2 loan assets)	1,705.58	559.00

NOTE 34.24 DRAW DOWN FROM RESERVES

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Draw down from reserves	-	-

NOTE 34.25 CONCENTRATION OF DEPOSITS (FOR DEPOSIT TAKING NBFCs)

Not Applicable

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.26 CONCENTRATION OF ADVANCES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Total advances to twenty largest borrowers	116,673.99	82,109.17
Percentage of advances to twenty largest borrowers to total advances of the NBFC	34.96%	25.51%

NOTE 34.27 CONCENTRATION OF EXPOSURES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Total exposure to twenty largest borrowers / customers	116,673.99	83,985.51
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	34.93%	25.77%

NOTE 34.28 CONCENTRATION OF STAGE 3 ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Total exposure to top four Stage 3 accounts	718.06	305.44

NOTE 34.29 SECTOR-WISE STAGE 3 ASSETS (GROSS)

(₹ In Lakhs)

Sector	% of Stage 3 assets to Total Advances in that sector as at 31 March 2020	% of Stage 3 assets to Total Advances in that sector as at 31 March 2019
(i) Agriculture and allied activities	3.14	7.31
(ii) MSME	3.52	4.04
(iii) Corporate borrowers	0.06	-
(iv) Services	6.68	3.32
(v) Unsecured personal loans	6.97	5.53
(vi) Auto loans	2.26	2.87
(vii) Other personal loans	1.75	4.06

NOTE 34.30 MOVEMENT OF STAGE 3 ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
(i) Net stage 3 assets to net advances (%)	1.30%	1.62%
(ii) Movement of stage 3 assets (gross)		
(a) Opening balance	6,579.60	4,746.91
(b) Additions during the year	9,740.88	8,293.74
(c) Reductions during the year	10,028.63	6,461.05
(d) Closing balance	6,291.85	6,579.60
(iii) Movement of net stage 3 assets		
(a) Opening balance	5,225.18	4,282.34
(b) Additions during the year	8,018.75	7,095.06
(c) Reductions during the year	8,857.43	6,152.22
(d) Closing balance	4,386.50	5,225.18
(iv) Movement of provisions for stage 3 assets (excluding provisions on standard assets)		
(a) Opening balance	1,354.42	464.57
(b) Provisions made during the year	1,722.13	1,198.68
(c) Write-off / write-back of excess provisions	1,171.20	308.83
(d) Closing balance	1,905.35	1,354.42

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 34.31 OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

Nil

NOTE 34.32 OFF-BALANCE SHEET SPVS SPONSORED (WHICH ARE REQUIRED TO BE CONSOLIDATED AS PER ACCOUNTING NORMS)

Nil

NOTE 34.33 DISCLOSURE OF CUSTOMERS COMPLAINTS

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
(a) No. of complaints pending at the beginning of the year	2	1
(b) No. of complaints received during the year	7	30
(c) No. of complaints redressed during the year	9	29
(d) No. of complaints pending at the end of the year	0	2

NOTE 35. Information as required in terms of Paragraph 19 of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below:

Liabilities side :

NOTE 35.1 LOANS AND ADVANCES AVAILED BY THE NBFCS INCLUSIVE OF INTEREST ACCRUED THEREON BUT NOT PAID.

	(₹ In Lakhs)	
	Year ended 31 March 2020	
	Amount outstanding	Amount overdue
(a) Debentures : Secured	-	-
: Unsecured	6,010.36	-
(other than falling within the meaning of Public deposits*)		
(b) Deferred credits	-	-
(c) Term loans	129,201.59	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial paper	-	-
(f) Other loans:		
From banks	124,865.30	-
From a company	-	-
Security deposits	-	-
Advances received against loan agreements	-	-

*Please see note 1 below

NOTE 35.2

	(₹ In Lakhs)	
	Year ended 31 March 2020	
	Amount outstanding	Amount overdue
Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid)		
(a) In the form of unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-

*Please see note 1 below

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

Assets side:

NOTE 35.3 BREAK-UP OF LOANS AND ADVANCES INCLUDING BILLS RECEIVABLES (OTHER THAN THOSE INCLUDED IN (4) BELOW)

	(₹ In Lakhs)
	Amount outstanding
(a) Secured	235,153.77
(b) Unsecured	98,622.79

NOTE 35.4 BREAK UP OF LEASED ASSETS AND STOCK ON HIRE AND OTHER ASSETS COUNTING TOWARDS ASSET FINANCING ACTIVITIES

	(₹ In Lakhs)
	Amount outstanding
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	NA
(b) Operating lease	NA
(ii) Stock on hire including hire charges under sundry debtors :	
(a) Assets on hire	NA
(b) Repossessed assets	NA
(iii) Other loans counting towards asset financing activities	
(a) Loans where assets have been repossessed	174.68
(b) Loans other than (a) above	NA

NOTE 35.5 BREAK-UP OF INVESTMENTS :

	(₹ In Lakhs)
	Amount outstanding
Current investments :	
1 Quoted :	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	500.00
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-
2 Unquoted :	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-
Long term investments :	
1 Quoted :	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-
2 Unquoted :	
(i) Shares : (a) Equity	2,217.26
(b) Preference	1,032.77
(ii) Debentures and bonds	-
(iii) Units of mutual funds	-
(iv) Government securities	-
(v) Others (please specify)	-

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 35.6 BORROWER GROUP-WISE CLASSIFICATION OF ASSETS FINANCED AS IN (3) AND (4) ABOVE:

		(₹ In Lakhs)		
		Amount outstanding		
Please see Note 2 below		Amount net of provisions		
Category		Secured	Unsecured	Total
1. Related parties **				
(a) Subsidiaries		-	-	-
(b) Companies in the same group		-	-	-
(c) Other related parties		-	-	-
2. Other than related parties		235,153.77	98,622.79	333,776.56
Total		235,153.77	98,622.79	333,776.56

NOTE 35.7 INVESTOR GROUP-WISE CLASSIFICATION OF ALL INVESTMENTS (CURRENT AND LONG TERM) IN SHARES AND SECURITIES (BOTH QUOTED AND UNQUOTED) :

		(₹ In Lakhs)	
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)		3,693.64	3,250.03
(b) Companies in the same group		-	-
(c) Other related parties		-	-
2. Other than related parties		500.00	500.00
Total		4,193.64	3,750.03

** As per Ind AS issued by MCA (refer note 3 below)

Note: Subsidiary company being unlisted, value is derived based upon the net asset value as shown in the subsidiary company balance sheet as on 31 March 2020.

NOTE 35.8 OTHER INFORMATION

		(₹ In Lakhs)
		Amount outstanding
(i) Gross non-performing assets		
(a) Related parties		-
(b) Other than related parties		6,291.85
(ii) Net non-performing assets		
(a) Related parties		-
(b) Other than related parties		4,386.49
(iii) Assets acquired in satisfaction of debt		-

Notes:

- As defined in point xix of paragraph 3 of Chapter - 2 of these Directions.
- Provisioning norms are applicable as prescribed in the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.
- All Ind AS issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 36. INFORMATION AS REQUIRED IN TERMS OF RBI NOTIFICATION NO. DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20 DATED 13 MARCH 2020 ARE MENTIONED AS BELOW:

(₹ In Lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	327,645.11	2,212.84	325,432.27	1,496.28	716.56
	Stage 2	8,635.22	1,738.22	6,897.00	450.84	1,287.38
Subtotal		336,280.33	3,951.06	332,329.27	1,947.12	2,003.94
Non-performing assets ("NPA")						
Substandard	Stage 3	6,291.85	1,905.35	4,386.50	758.78	1,146.57
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		6,291.85	1,905.35	4,386.50	758.78	1,146.57
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning ("IRACP") norms	Stage 1	200.00	0.03	199.97	-	0.03
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		200.00	0.03	199.97	-	0.03
Total	Stage 1	327,845.11	2,212.87	325,632.24	1,496.28	716.59
	Stage 2	8,635.22	1,738.22	6,897.00	450.84	1,287.38
	Stage 3	6,291.85	1,905.35	4,386.50	758.78	1,146.57
Grand total		342,772.18	5,856.44	336,915.74	2,705.90	3,150.54

Further, the disclosure requirement of policy for sales out of amortised cost business model portfolios is not applicable to the Company as it has FVOCI business model.

Information as required in terms of RBI notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 are mentioned as below:

The details of the accounts on which moratorium has been granted by the Company is as below:

(₹ In Lakhs)

	Amount
(i) Amounts in SMA / overdue categories, where the moratorium / deferment was extended (refer note 1 below)	17,829.70
(ii) Amount where asset classification benefits is extended	4,789.08
(iii) Provisions made during the period	-
(iv) Provisions adjusted during the periods against slippages and the residual provisions	N.A.

Note:

- It does not include the overdue customers as of 29 February 2020 who has availed moratorium but on account of receipt of payment against the overdue amount, classified under current bucket as of 31 March 2020.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 37. OFFSETTING

Following table represents the recognised financial assets that are offset, or subject to enforceable master netting arrangements and other similar arrangements but not offset, as at 31 March 2020 and 31 March 2019. The column 'net amount' shows the impact of the Company's balance sheet if all the set-off rights were exercised.

	Effect of offsetting on the balance sheet			Related amount not offset		
	Gross amounts	Gross amount off set in balance sheet (refer note 1)	Net amount presented in balance sheet	Advances received against loan agreements (refer note 1)	Financial instrument collateral (refer note 2 and 3)	Net amount
(₹ In Lakhs)						
31 March 2020						
Loans and advances	337,126.21	3,349.65	333,776.56	10,022.97	49,846.92	273,906.67
31 March 2019						
Loans and advances	323,521.95	1,668.26	321,853.69	-	51,076.36	270,777.33

Note:

- ₹ 13,372.62 Lakhs (31 March 2019: ₹ 1,668.26 Lakhs) represents advances received against loan agreements.
- ₹ 49,730.87 Lakhs (31 March 2019: ₹ 50,878.81 Lakhs) represents security deposits received from borrowers.
- ₹ 116.05 Lakhs (31 March 2019: ₹ 197.55 Lakhs) represents deposits given as security against borrowings.

NOTE 38. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at 31 March 2020			As at 31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(₹ In Lakhs)						
ASSETS						
Financial assets						
Cash and cash equivalents	102,446.81	-	102,446.81	35,577.06	-	35,577.06
Bank balance other than cash and cash equivalents	162.44	28.11	190.55	1,278.75	-	1,278.75
Loans	157,921.01	175,855.55	333,776.56	178,017.64	143,836.05	321,853.69
Investments	500.00	3,250.03	3,750.03	-	2,227.05	2,227.05
Other financial assets	8,866.78	33.31	8,900.09	3,329.90	81.20	3,411.10
Non-financial assets						
Income tax assets (net)	221.38	-	221.38	95.16	-	95.16
Property, plant and equipment	-	1,198.56	1,198.56	-	1,140.92	1,140.92
Capital work-in-progress	-	4,821.34	4,821.34	-	4,564.43	4,564.43
Right-of-use asset	78.68	49.76	128.44	-	-	-
Other intangible assets	-	11.07	11.07	-	10.95	10.95
Other non-financial assets	234.54	-	234.54	196.05	-	196.05
Total assets	270,431.64	185,247.73	455,679.37	218,494.56	151,860.60	370,355.16
LIABILITIES						
Financial liabilities						
Trade payables						
Total outstanding dues of creditors other than micro enterprises and small enterprises	753.08	-	753.08	553.36	-	553.36
Debt securities	-	5,989.18	5,989.18	-	5,981.78	5,981.78
Borrowings (other than debt securities)	176,070.16	75,951.18	252,021.34	151,412.91	44,570.08	195,982.99
Other financial liabilities	60,525.88	30,167.99	90,693.87	33,897.04	38,522.28	72,419.32
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	1,621.04	-	1,621.04
Provisions	-	45.65	45.65	15.84	-	15.84
Deferred tax liabilities (net)	-	446.12	446.12	-	860.55	860.55
Other non-financial liabilities	1,238.86	619.87	1,858.73	790.15	1,148.43	1,938.58
Total liability	238,587.98	113,219.99	351,807.97	188,290.34	91,083.12	279,373.46
Net	31,843.66	72,027.74	103,871.40	30,204.22	60,777.48	90,981.70

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 39. EMPLOYEE BENEFIT PLAN

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

(a) Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹ 149.78 Lakhs (31 March 2019: ₹ 86.69 Lakhs) and employee state insurance scheme aggregating ₹ 24.71 Lakhs (31 March 2019: ₹ 40.14 Lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

Financial assets not measured at fair value

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

The status of gratuity plan as required under Ind AS-19 is as under:

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
i. Reconciliation of opening and closing balances of defined benefit obligation		
Present value of defined benefit obligations at the beginning of the year	217.03	159.13
Current service cost	41.52	39.99
Interest cost	16.26	12.04
Benefit paid	(5.20)	(5.11)
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in demographic assumptions	1.08	-
Change in financial assumptions	25.65	2.91
Experience variance (i.e. Actual experience vs assumptions)	(1.58)	8.07
Present value of defined benefit obligations at the end of the year	294.76	217.03
ii. Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at the beginning of the year	234.26	191.55
Interest income	19.15	16.07
Return on plan assets excluding amounts included in interest income	(4.53)	(3.64)
Contributions by the Company	5.43	35.39
Benefits paid	(5.20)	(5.11)
Fair value of plan assets at the end of the year	249.11	234.26
iii. Reconciliation of the present value of defined benefit obligation and fair value of plan assets		
Present value of defined benefit obligations at the end of the year	294.76	217.03
Fair value of plan assets at the end of the year	249.11	234.26
Net asset / (liability) recognized in the balance sheet as at the end of the year	(45.65)	17.23

iv. Composition of plan assets

100% of plan assets are administered by LIC. Further, exposure of the investment made by LIC in respective securities are as follows:

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
State government security	56.02	49.70
NCD / Bonds	20.94	22.71
Central Government security	19.35	18.75
CBLO, bank balance, etc.	-	4.92
Equity	3.67	3.92
Other approved security	0.01	-
Total	100.00	100.00

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
v. Expense recognised during the Year		
Current service cost	41.52	39.99
Interest cost	(2.89)	(4.03)
Past service cost	-	0.63
Expenses recognised in the statement of profit and loss	38.63	36.59
vi. Other comprehensive income		
Components of actuarial gain/losses on obligations:		
Due to change in financial assumptions	25.65	2.91
Due to change in demographic assumption	1.08	-
Due to experience adjustments	(1.58)	8.07
Return on plan assets excluding amounts included in interest income	4.53	3.64
Components of defined benefit costs recognised in other comprehensive income	29.68	14.62

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
vii. Principal actuarial assumptions		
Discount rate (per annum)	6.85%	7.60%
Rate of return on plan assets (p.a.)	6.85%	7.60%
Annual increase in salary cost	8.00%	8.00%
Withdrawal rates per annum		
25 and below	5.00%	3.00%
26 to 35	4.50%	2.50%
36 to 45	3.50%	2.00%
46 to 55	2.50%	1.50%
56 and above	2.00%	1.00%

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

viii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Defined benefit obligation (Base)	294.76	217.03

(₹ In Lakhs)

	Year ended 31 March 2020		Year ended 31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	313.84	277.28	232.39	203.02
(% change compared to base due to sensitivity)	6.48%	-5.93%	7.08%	-6.46%
Salary growth rate (- / + 0.5%)	280.68	309.61	205.93	229.25
(% change compared to base due to sensitivity)	-4.78%	5.04%	-5.11%	5.63%
Withdrawal rate (W.R.) (W.R. x 90% / W.R. x 110%)	295.27	294.24	216.83	217.16
(% change compared to base due to sensitivity)	0.17%	-0.18%	-0.09%	0.06%

ix. Asset liability matching strategies

The Company contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

x. Effect of plan on the Company's future cash flows

a) Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Maturity profile of defined benefit obligation

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

The average outstanding term of the obligations (years) as at valuation date is 12.85 years.

	(₹ In Lakhs)	
	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1 st Following Year	10.34	1.30%
2 nd Following year	9.54	1.20%
3 rd Following Year	27.76	3.50%
4 th Following Year	11.44	1.40%
5 th Following Year	11.74	1.50%
Sum of years 6 to 10	82.81	10.40%

The future accrual is not considered in arriving at the above cash-flows.

The expected contribution for the next year is ₹ 45.65 Lakhs.

(c) Other long term employee benefits

The liability for compensated absences as at the year ended 31 March 2020 is Nil and as at year ended 31 March 2019 is ₹ 15.84 Lakhs.

NOTE 40. FINANCIAL INSTRUMENT AND FAIR VALUE MEASUREMENT

A. Accounting classifications and fair values

The carrying amount and fair value of financial instruments including their levels in the fair value hierarchy presented below:

		(₹ In Lakhs)					
As at 31 March 2020	Carrying amount			Fair value			Total
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	
Financial assets measured at fair value							
Loans	- 333,776.56		-	-	-	333,776.56	333,776.56
	- 333,776.56		-				
Financial assets not measured at fair value¹							
Cash and cash equivalents	102,446.81	-	-				
Bank balance other than cash and cash equivalents	190.55	-	-				
Investment in subsidiary	2,217.26	-	1,032.77	-	-	3,693.64	3,693.64
Investment in debt securities	500.00	-	-				
Security deposits	70.39	-	-	-	-	66.53	66.53
Interest accrued but not due on loans and advances	8,795.62	-	-				
Interest accrued but not due on bank deposits	31.31	-	-				
Interest accrued but not due on investments	2.77	-	-				
	114,254.71	-	1,032.77				
Financial liabilities not measured at fair value¹							
Trade payables	753.08	-	-				
Debt securities	5,989.18	-	-	-	-	6,248.02	6,248.02
Borrowings (other than debt securities)	252,021.34	-	-	-	-	252,942.36	252,942.36
Other financial liabilities	90,693.87	-	-				
	349,457.47	-	-				

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

(₹ In Lakhs)

As at 31 March 2019	Carrying amount			Fair value			Total
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	
Financial assets measured at fair value							
Loans	-	321,853.69	-	-	-	321,853.69	321,853.69
	-	321,853.69	-				
Financial assets not measured at fair value¹							
Cash and cash equivalents	35,577.06	-	-				
Bank Balance other than cash and cash equivalents	1,278.75	-	-				
Investment in subsidiary	2,227.05	-	-	-	-	2,780.51	2,780.51
Security deposits	56.88	-	-	-	-	50.35	50.35
Interest accrued but not due on loans and advances	3,305.63	-	-				
Interest accrued but not due on bank deposits	48.59	-	-				
	42,493.96	-	-				
Financial liabilities not measured at fair value¹							
Trade payables	553.36	-	-				
Debt securities	5,981.78	-	-	-	-	6,027.90	6,027.90
Borrowings (other than debt securities)	195,982.99	-	-	-	-	196,409.27	196,409.27
Other financial liabilities	72,419.32	-	-				
	274,937.45	-	-				

¹ The Company has not disclosed the fair values for cash and cash equivalents, bank balances, investment in debt securities, interest accrued but not due on loans and advances, bank deposits and investment, trade payables and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

Reconciliation of level 3 fair value measurement is as follows:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
i) Loans		
Balance at the beginning of the year	321,853.69	254,628.00
Gain included in OCI		
- Net change in fair value (unrealised)	658.09	(993.77)
Addition during the year	236,141.96	267,246.57
Amount derecognised / repaid during the year	(217,603.41)	(193,806.13)
Amount written off	(7,273.77)	(5,220.98)
Balance at the end of the year	333,776.56	321,853.69

Sensitivity analysis

(₹ In Lakhs)

	Amount, net of tax	
	Increase	Decrease
31 March 2020		
Loans		
Interest rates (1% movement)	(164.89)	165.08
Investment in OCPS of subsidiary		
Interest rates (1% movement)	0.09	(0.09)
31 March 2019		
Loans		
Interest rates (1% movement)	(145.15)	145.33

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

B. Measurement of fair values

i) Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

ii) Transfers between levels I and II

There has been no transfer in between level I and level II.

iii) Valuation techniques

Loans

The Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year end which is an unobservable input and therefore these has been considered to be fair valued using level 3 inputs.

Security deposits

The Company has fair valued the security deposit using normal market rate of interest as on relevant date using discounted cash flow model.

Investments

The Company has taken NAV of subsidiary company as on the latest available reporting date for computation of fair value of equity investment in subsidiary. For fair value of investment in OCPS of subsidiary, the Company has used market rate of interest and applied discounted cash flow model.

Debt securities and borrowings

The Company has computed fair value for debt securities and borrowings using normal market rate of interest as on relevant date using discounted cash flow model.

NOTE 41. CAPITAL

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

NOTE 41.1 CAPITAL MANAGEMENT

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 41.2 REGULATORY CAPITAL

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Tier 1 Capital	96,237.33	86,412.19
Tier 2 Capital	6,712.87	5,445.51
Total Capital	102,950.20	91,857.70
Risk weighted assets		
Tier 1 Capital Ratio (%)	29.88%	27.40
Total Capital Ratio (%)	31.97%	29.13

Tier 1 capital consists of shareholders' equity and retained earnings excluding unrealised gain but including unrealised loss. Tier 2 capital consists of ECL on stage 1 and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier 1).

NOTE 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

NOTE 42.1 CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

(a) Loans and advances

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Company's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ In Lakhs)

	Carrying Amount	
	As at 31 March 2020	As at 31 March 2019
Retail assets loans	136,498.04	149,497.09
RAC loans	197,278.52	172,356.60
Total	333,776.56	321,853.69

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

(i) Staging:

As per the provision of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the days past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months provision
1-30 Days	Stage 1	12 Months provision
31-60 Days	Stage 2	Lifetime provision
61-90 Days	Stage 2	Lifetime provision
90+ Days	Stage 3	Lifetime provision

(ii) Grouping:

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

- TW loan
- SME loans
- SRTD loan
- MSME loan
- 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:

- Marginal probability of default ("MPD")
- Loss given default ("LGD")
- Exposure at default ("EAD")
- Discount factor ("D")

For RAC loan portfolio, the Company has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Company consists of various parameters based on which RAC loan portfolio is evaluated and credit rating is assigned accordingly. The credit rating matrix developed by the Company is validated in accordance with its ECL policy.

The Company has developed its PD matrix based on the external benchmarking of various external reports, ratings & Basel norms. This PD matrix is calibrated with its historical data and major events on regular time interval in accordance with its ECL policy.

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from internal data of the Company calibrated with forward looking macroeconomic factors.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Company has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: upside (11%), downside (21%) and base (68%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

LGD:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

- 1) Analysis of historical credit impaired accounts at cohort level.
- 2) The computation consists of five components, which are:
 - a) Outstanding balance (POS)
 - b) Recovery amount (discounted yearly) by effective interest rate.
 - c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using effective interest rate.
 - d) Collateral (security) amount

The formula for the computation is as below:

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)

% LGD = 1 – recovery rate

For RAC loan portfolio, the LGD has been considered based on Basel-III Framework (International Regulatory Framework of Banks) for all the level of credit rating portfolio.

EAD:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments.

Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. The exposure at default is calculated for each product and for various DPD status after considering future expected assignment which is not at risk. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. Further, the stage 3 EAD for the purpose of the ECL computation is considering when loan became Stage 3 for the first time (for retail loans)."

Discounting:

As per Ind AS 109, retail ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional retail ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

Conditional RAC ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt)"

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

For RAC loan portfolio, the Company has calculated ECL based on borrower wise assessment of internal credit rating as per the framework of the Company, while for retail loan portfolio, the same has been calculated on collective basis.

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Stage 1	0.68%	0.36%
Stage 2	20.13%	11.19%
Stage 3	30.28%	20.59%
Amount of expected credit loss provided for	5,856.44	3,599.93

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables.

(iv) Impact assessment on account of COVID-19

The current COVID-19 impact on economic growth of the country is difficult to predict and the extent of negative impact will mainly depend on the future developments in containment of COVID-19, which is highly uncertain. Existing ECL model of the Company was primarily based on historical experiences of the economic conditions, customer behaviour and related factors. Hence, the increased uncertainty about potential future economic scenarios and their impact on credit losses has necessitated to consider additional scenarios while measuring ECLs.

The Company has, based on current available information estimated and applied management overlays based on the policy approved by the Board of Directors for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including credit reports and economic forecasts. Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates ₹ 5,856.45 Lakhs (as at March 31 2019, ₹ 3,599.93 Lakhs) which includes potential impact on account of the pandemic of ₹ 2,033.18 Lakhs. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

The extent to which the COVID-19 pandemic will impact future results of the Company will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period.

(b) Cash and cash equivalent and bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Company generally invests in term deposits with banks which are rated AA- to AA+, based on external credit rating agencies.

NOTE 42.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilised cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Company, as on 31 March 2020 is 31.97% against regulatory norms of 15%. Tier I capital is 29.88% as against requirement of 10%. Tier II capital is 2.09% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Company is ₹ 1,79,500 Lakhs spread across 18 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

Majority of the Company's portfolio is MSME loans which qualifies as Priority Sector Lending. Over the years, the Company has maintained around 35% to 40% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Company. This further strengthens the liability management.

The table below summarises the maturity profile of the undiscounted cashflow of the Company's financial liabilities:

	(₹ In Lakhs)								
	1 day to 30 days (1 month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
As at 31 March 2020									
Debt securities	-	-	129.64	131.07	529.29	6,753.92	-	-	7,543.92
Borrowings	3,525.93	5,717.38	8,048.20	14,937.02	155,308.64	68,742.00	13,943.09	2,552.05	272,774.31
Trade payable	354.41	-	20.70	152.54	225.43	-	-	-	753.08
Lease liability	9.10	8.69	8.04	23.96	45.42	60.75	3.80	-	159.76
Other financial liabilities	30,951.14	842.06	2,107.42	7,246.50	19,293.12	26,543.70	2,949.73	613.75	90,547.42
As at 31 March 2019									
Debt securities	-	-	129.64	131.07	531.10	2,771.78	4,764.74	-	8,328.33
Borrowings	2,735.65	2,085.22	125,943.91	9,505.87	18,559.27	48,821.55	258.55	104.90	208,014.92
Trade payable	553.36	-	-	-	-	-	-	-	553.36
Other financial liabilities	20,267.55	599.65	1,690.23	5,617.04	5,722.57	33,278.05	4,720.59	523.64	72,419.32

NOTE 42.3 MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The sensitivity analysis have been carried out based on the exposure to interest rates for lending and borrowings carried at variable rate.

	(₹ In Lakhs)	
	Year ended 31 March 2020	
Change in interest rates	50 bp increase	50 bp decrease
Variable rate lending	197,278.52	197,278.52
Impact on profit for the year	986.39	(986.39)
Variable rate borrowings	236,070.42	236,070.42
Impact on profit for the year	(1,180.35)	1,180.35

B. Foreign currency risk

The Company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Company.

Notes

Forming part of Standalone Financial Statement for the year ended 31 March 2020 (Contd.)

NOTE 43. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to profit and loss account:

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Type of income		
Services charges	1,163.19	873.63
Others	406.01	479.72
Total revenue from contracts with customers	1,569.20	1,353.35
Geographical markets		
India	1,569.20	1,353.35
Outside India	-	-
Total revenue from contracts with customers	1,569.20	1,353.35
Timing of revenue recognition		
Services transferred at a point in time	1,569.20	1,353.35
Services transferred over time	-	-
Total revenue from contracts with customers	1,569.20	1,353.35

NOTE 44. EVENTS AFTER THE REPORTING PERIOD

Ind AS 10 'Events after the Reporting Period', requires an entity to evaluate information available after the balance sheet date to determine if such information constitutes an adjusting event, which would require an adjustment to the financial statements, or a non-adjusting event, which would only require disclosure.

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. RBI vide its notification bearing no. RBI/2019-20/244DOR.No.BP.BC.71/21.04.048/2019-20 COVID-19 Regulatory Package dated 23 May 2020 have permitted to grant further moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between 1 June 2020 and 31 August 2020 to its borrowers. The same is considered as non-adjusting event.

NOTE 45. PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED / RECLASSIFIED, WHEREVER FOUND NECESSARY, TO CONFORM TO CURRENT YEAR CLASSIFICATION.

In terms of our report of even date attached
For B S R & Co. LLP
 Chartered Accountants
 Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
HAS Financial Services Limited

Sameer Mota
 Partner
 Membership No: 109928

Darshana S. Pandya
 (Director & Chief Executive Officer)
 (DIN - 07610402)

Kamlesh C. Gandhi
 (Chairman & Managing Director)
 (DIN - 00044852)

Riddhi B. Bhayani
 (Company Secretary & Compliance Officer)
 (Membership No: A41206)

Mukesh C. Gandhi
 (Whole Time Director & Chief Financial Officer)
 (DIN - 00187086)

Mumbai
 3 June 2020

Ahmedabad
 3 June 2020

Independent Auditor's Report

To the Members of **MAAS Financial Services Limited**

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of **MAAS Financial Services Limited** (hereinafter referred to as the 'Holding Company') and its subsidiary - **MAAS Rural Housing & Mortgage Finance Limited** (the Holding Company and its subsidiary together referred to as the 'Group'), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate financial statements of a subsidiary, as were audited by the other auditor, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of*

the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in the 'Other Matter' paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

EMPHASIS OF MATTER

As described in Note 7.1 to the consolidated financial statements, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as at 31 March 2020 is based on the days past due status as on 29 February 2020, in accordance with Reserve Bank of India ('RBI') COVID-19 Regulatory Package.

As described in Note 40.1 (iv) to the consolidated financial statements, the extent to which the COVID-19 pandemic will impact the Group's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Impairment of loans	
Charge: INR 2,448.57 Lakhs for the year ended 31 March 2020	
Provision: INR 6,173.43 Lakhs as at 31 March 2020	
<i>Refer to the accounting policies in the consolidated financial statements: Note 3.6 to the consolidated financial statements: 'Significant accounting policies' and Note 7 to the consolidated financial statements: 'Loans'</i>	
Subjective estimate	Our key audit procedures included:
Recognition and measurement of impairment of loans and advances involve significant management judgement.	Design / controls
Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ('ECL') model. The Group's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.	- Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice. - Understood management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 regulatory package.

Key audit matter	How the matter was addressed in our audit
The most significant areas are: - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Assigning internal rating to Retail Asset Channel - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.	• Evaluated management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Tested the controls over 'Governance Framework' in line with RBI guidance. • Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • Tested review controls over measurement of impairment allowances and disclosures in standalone financial statements.
Impact of COVID-19	Substantive tests
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.	• Assessed the appropriateness of management's rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of RBI / Government financial relief package. • Assessed the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Corroborated through independent check and enquiries the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. • We used our modelling specialist to test the model methodology and reasonableness of assumptions used. • Focused on appropriate application of accounting principles and reasonableness of assumptions used in the model. • Performed test of details over of calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations testing through re-performance where possible. • Appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessed the appropriateness of the additional financial statements disclosures made by the Group regarding impact of COVID-19.
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.	



Key audit matter	How the matter was addressed in our audit
Information technology Information Technology ('IT') systems and controls The Group's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. We have focused on user access management, change management, interface controls and system application controls over key financial accounting and reporting systems.	Our audit procedures to assess the IT system access management included the following: General IT controls / application controls and user access management - We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access to program and data, program change, and system change management, program development and computer operations. - We tested the design and operating effectiveness of key controls over user access management which includes granting access rights, new user creation, removal of user rights, user access review and preventative controls designed to enforce segregation of duties. - For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. - We evaluated the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. - Other areas that were independently assessed included password policies, program change management procedures, system configurations, system interface controls, controls over changes to applications and that business users and developers did not have access to migrate changes in the production environment and the privileged access to applications, operating system or databases is restricted to authorized personnel.

OTHER INFORMATION

The Holding Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. The respective Management and the Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for

ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and the Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and the Board of Directors.

- Conclude on the appropriateness of Management and the Board of Directors use of the going concern basis of accounting in preparation of the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matter' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditor referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key



audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of ₹ 27,937.27 lac as at 31 March 2020, total revenues of ₹ 3,970.81 lac and net cash outflows amounting to ₹ 2,015.44 lac for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the audit reports of the other auditor.

Our opinion on the consolidated financial statements, and our Report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of a subsidiary as were audited by other auditor, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the

Group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on the separate financial statements of the subsidiary as noted in the 'Other Matter' paragraph:
 - i. There were no pending litigations as at 31 March 2020 which would impact the consolidated financial position of the Group;
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020;
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2020; and
 - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2020.
- C. With respect to the matter to be included in the Auditor's report under section 197 (16):

In our opinion and according to the information and explanations given to us and based on the report of the statutory auditor of a subsidiary company incorporated in India which was not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sameer Mota

Partner

Mumbai
3 June 2020

Membership No: 109928
UDIN: 20109928AAAADN8587

Annexure 'A'

to the Independent Auditor's report on the consolidated financial statements of HAS Financial Services Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

OPINION

In conjunction with our audit of the consolidated financial statements of the Company and its subsidiary (collectively referred as 'Group') as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to the consolidated financial statements of HAS Financial Services Limited (hereinafter referred to as the 'Holding Company') and a company incorporated in India under the Companies Act, 2013 (the 'Act') which is its subsidiary company, as of that date.

In our opinion, the Holding Company and a company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to the consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to the consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

EMPHASIS OF MATTER

As described in Emphasis of Matter paragraph of our report to the consolidated financial statements, the extent to which the COVID 19 pandemic will have impact on the Company's internal financial controls with reference to the consolidated financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the consolidated financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to the consolidated financial statements included obtaining an understanding of internal financial controls with reference to the consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the relevant subsidiary company in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENTS

A company's internal financial controls with reference to the consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance



with generally accepted accounting principles. A company's internal financial controls with reference to the consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to the consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

projections of any evaluation of the internal financial controls with reference to the consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to the consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OTHER MATTER

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the consolidated financial statements insofar as it relates to a subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sameer Mota

Partner

Mumbai
3 June 2020

Membership No: 109928
UDIN: 20109928AAAAADN8587

Consolidated Balance Sheet

as at 31 March 2020

(₹ in Lakhs)

	Note no.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial assets			
Cash and cash equivalents	5	104,554.26	39,699.95
Bank balance other than cash and cash equivalents	6	192.60	1,280.68
Loans	7	359,222.60	348,267.74
Investments	8	500.00	-
Other financial assets	9	9,072.40	3,577.58
Total financial assets		473,541.86	392,825.95
Non-financial assets			
Income tax assets (net)	26	223.22	95.16
Deferred tax assets (net)	26	60.13	69.41
Property, plant and equipment	10(a)	1,282.91	1,239.67
Capital work-in-progress	10(d)	4,821.34	4,564.43
Right-of-use asset	10(c)	167.65	-
Other intangible assets	10(b)	11.80	12.01
Other non-financial assets	11	317.82	245.26
Total non-financial assets		6,884.87	6,225.94
Total assets		480,426.73	399,051.89
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		812.78	600.10
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	12	5,989.18	5,981.78
Borrowings (other than debt securities)	13	273,599.82	221,327.10
Other financial liabilities	14	91,066.88	73,275.78
Total financial liabilities		371,468.66	301,184.76
Non-financial liabilities			
Current tax liabilities (net)	26	-	1,621.96
Provisions	15	47.22	17.19
Deferred tax liabilities (net)	26	444.41	860.55
Other non-financial liabilities	16	1,879.45	1,935.32
Total non-financial liabilities		2,371.08	4,435.02
Total liabilities		373,839.74	305,619.78
EQUITY			
Equity share capital	17	5,466.20	5,466.20
Other equity	18	99,131.64	86,088.59
Equity attributable to the owners of the Holding Company		104,597.84	91,554.79
Non-controlling interest		1,989.15	1,877.32
Total equity		106,586.99	93,432.11
Total liabilities and equity		480,426.73	399,051.89

See accompanying notes to the financial statements

In terms of our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sameer Mota
Partner
Membership No: 109928

Darshana S. Pandya
(Director & Chief Executive Officer)
(DIN - 07610402)

Riddhi B. Bhayani
(Company Secretary & Compliance Officer)
(Membership No: A41206)

Mumbai
3 June 2020

Ahmedabad
3 June 2020

For and on behalf of the Board of Directors of
HAS Financial Services Limited

Kamlesh C. Gandhi
(Chairman & Managing Director)
(DIN - 00044852)

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

(₹ in Lakhs)

	Note no.	Year ended 31 March 2020	Year ended 31 March 2019
I. Revenue from operations			
Interest income	19	59,690.94	49,668.65
Gain on assignment of financial assets		10,930.43	9,414.46
Fees and commission income		1,584.52	1,374.54
Total revenue from operations		72,205.89	60,457.65
Other income	20	35.91	12.01
Total income		72,241.80	60,469.66
II. Expenses			
Finance costs	21	29,611.20	22,366.05
Fees and commission expense		601.88	404.35
Impairment on financial assets	22	8,894.53	5,543.65
Employee benefits expenses	23	5,869.00	5,204.63
Depreciation and amortization	24	285.05	160.36
Others expenses	25	3,119.95	2,989.81
Total expenses		48,381.61	36,668.85
Profit before exceptional items and tax (I - II)		23,860.19	23,800.81
Exceptional items		-	-
III. Profit before tax		23,860.19	23,800.81
IV. Tax expense:			
Current tax	26	6,391.18	8,340.61
Short / (excess) provision for tax relating to prior years	26	(95.99)	7.12
Net current tax expense		6,295.19	8,347.73
Deferred tax (credit) / charge	26	(561.14)	(7.57)
Net tax expense		5,734.05	8,340.16
V. Profit for the year (III - IV)		18,126.14	15,460.65
VI. Other comprehensive income			
(A) Items that will not be reclassified to profit or loss:			
Remeasurement of the defined benefit liabilities		(33.82)	(11.54)
Income tax impact on above		8.51	4.25
Net gain on equity instruments measured through other comprehensive income		-	(1.10)
Income tax impact on above		-	0.38
Total (A)		(25.31)	(8.01)
(B) Items that will be reclassified to profit or loss:			
Loans and advances through other comprehensive Income		665.35	(993.77)
Income tax relating to items that will be reclassified to profit or loss		(167.47)	347.26
Total (B)		497.88	(646.51)
Other comprehensive income (A+B)		472.57	(654.52)
VII. Total comprehensive income (V + VI)		18,598.71	14,806.13
VIII. Profit for the year attributable to			
Owners of the Holding Company		17,995.76	15,353.69
Non-controlling interest		130.38	106.96
IX. Other comprehensive income attributable to			
Owners of the Holding Company		471.63	(655.42)
Non-controlling interest		0.94	0.90
X. Total comprehensive income attributable to			
Owners of the Holding Company		18,467.39	14,698.27
Non-controlling interest		131.32	107.86
XI. Earnings per equity share (of ₹ 10 each):	27		
Basic (₹)		32.92	28.28
Diluted (₹)		32.92	28.28

See accompanying notes to the financial statements

In terms of our report of even date attached
For B S R & Co. LLP
 Chartered Accountants
 Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
HAAS Financial Services Limited

Sameer Mota
 Partner
 Membership No: 109928

Darshana S. Pandya
 (Director & Chief Executive Officer)
 (DIN - 07610402)

Kamlesh C. Gandhi
 (Chairman & Managing Director)
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 (Whole Time Director & Chief Financial Officer)
 (DIN - 00187086)

Mumbai
 3 June 2020

Ahmedabad
 3 June 2020

Consolidated Statement of changes in Equity

for the year ended 31 March 2020

(A) EQUITY SHARE CAPITAL

(₹ In Lakhs)

Equity Share of ₹ 10 each issued, subscribed and fully paid	
Balance at 31 March 2018	5,466.20
Changes in equity share capital during the year	-
Balance at 31 March 2019	5,466.20
Changes in equity share capital during the year	-
Balance at 31 March 2020	5,466.20

(B) OTHER EQUITY

(₹ In Lakhs)

	Reserves and surplus					Other comprehensive income			Total
	Reserve u/s. 45-IC of RBI Act, 1934	Reserve fund u/s. 29-C of NHB Act, 1987	Equity component of compound financial instruments	Capital reserve	Securities premium	Retained earnings	Equity instruments through OCI	Loans and advances through OCI	
Balance at 31 March 2018	7,915.45	200.44	109.95	12.72	42,699.41	17,755.10	0.50	3,759.11	72,452.68
Profit for the year	-	-	-	-	-	15,353.69	-	-	15,353.69
Effect of changes in Group's interest	-	0.20	0.11	(12.72)	0.02	13.15	-	-	0.76
Other comprehensive income (net of taxes)	-	-	-	-	-	(8.19)	(0.72)	802.35	793.44
Equity component of OCPS converted into equity share capital	-	-	(76.45)	-	-	-	-	-	(76.45)
Interim dividend on equity shares including dividend distribution tax ("DDT")	-	-	-	-	-	(986.88)	-	-	(986.88)
Final dividend on equity shares including DDT	-	-	-	-	-	(1,421.66)	-	-	(1,421.66)
Final dividend on preference shares including DDT	-	-	-	-	-	(23.04)	-	-	(23.04)
Transfer to reserve u/s. 45-IC of RBI Act, 1934	3,042.29	-	-	-	-	(3,042.29)	-	-	-
Transfer to reserve u/s. 29-C of NHB Act,1987	-	61.28	-	-	-	(61.28)	-	-	-
Additions during the year in securities premium	-	-	-	-	(3.95)	-	-	-	(3.95)
Balance at 31 March 2019	10,957.74	261.92	33.61	-	42,695.48	27,578.60	(0.22)	4,561.46	86,088.59
Transition impact of Ind AS 116 (net of taxes)	-	-	-	-	-	(12.45)	-	-	(12.45)
Profit for the year	-	-	-	-	-	17,995.76	-	-	17,995.76
Other comprehensive income (net of taxes)	-	-	-	-	-	(24.06)	-	2,756.04	2,731.98
Interim dividend on equity shares including DDT	-	-	-	-	-	(5,271.84)	-	-	(5,271.84)
Final dividend on preference shares including DDT	-	-	(22.89)	-	-	-	-	-	(22.89)
Final dividend on equity shares including DDT	-	-	-	-	-	(2,377.51)	-	-	(2,377.51)
Transfer to reserve u/s. 45-IC of the RBI Act, 1934	3,564.26	-	-	-	-	(3,564.26)	-	-	-
Transfer to reserve u/s. 29-C of NHB Act,1987	-	53.04	-	-	-	(53.04)	-	-	-
Balance at 31 March 2020	14,522.00	314.96	10.72	-	42,695.48	34,271.20	(0.22)	7,317.50	99,131.64

In terms of our report of even date attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
HAS Financial Services Limited

Sameer Mota
Partner
Membership No: 109928

Darshana S. Pandya
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Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)

Mumbai
3 June 2020

Ahmedabad
3 June 2020



Consolidated Statement of Cash Flows

for the year ended 31 March 2020

(₹ in Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	23,860.19	23,800.81
Adjustments for :		
Depreciation and amortisation	285.05	160.36
Finance cost	29,611.20	22,366.05
Provision for impairment on financial assets	2,448.57	1,465.00
Loss assets written off (net)	6,445.96	4,078.65
(Profit) / loss on sale of property, plant and equipment	0.82	(1.77)
Loss on sale of repossessed assets	327.03	200.44
Interest income	(56,478.17)	(47,416.64)
Interest income from investments and deposits	(1,272.86)	(729.36)
Income received in advance	(19.12)	(19.61)
Interest income from NCD measured at amortised cost	(8.26)	-
Gain on derecognition of leased asset	(0.95)	-
Net gain on equity instruments measured through other comprehensive income	-	(1.10)
	(18,660.73)	(19,897.98)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,199.46	3,902.83
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Loans and advances	(16,921.09)	(78,789.28)
Deposits given as collateral	(14.01)	297.08
Bank balance other than cash and cash equivalents	1,001.16	(987.92)
Other financial and non-financial asset	(435.65)	(186.61)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	212.68	239.35
Security deposits from borrowers	(1,142.45)	6,339.82
Other financial and non-financial liabilities	17,627.08	5,410.21
Provisions	30.03	(67.37)
	357.75	(67,744.72)
CASH GENERATED FROM / (USED IN) OPERATIONS	5,557.21	(63,841.89)
Interest income received	50,985.09	46,490.98
Finance cost paid	(28,863.68)	(22,251.58)
Income tax paid (net)	(8,045.21)	(7,197.87)
	14,076.20	17,041.53
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)	19,633.41	(46,800.36)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment and intangible assets, including capital advances	(461.41)	(200.45)
Proceeds from sale of property, plant and equipment and intangible assets	0.53	3.79
Change in Earmarked balances with banks	86.92	732.13
Interest income from bank deposits	1,290.14	839.74
Interest income on investments measured at amortised cost	5.49	-
Purchase of investments measured at amortised cost	(500.00)	-
Proceeds from redemption of investments	-	9.96
CASH FLOW (USED IN) INVESTING ACTIVITIES (B)	421.67	1,385.17

Consolidated Statement of Cash Flows (contd.)

for the year ended 31 March 2020

(₹ in Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares of subsidiary	-	200.00
Proceeds from debt securities and borrowings	99,825.00	84,790.01
Repayments of borrowings	(20,230.21)	(27,137.42)
Net increase / (decrease) in working capital borrowings	(26,983.91)	24,773.61
Repayment of principal component of lease liability	(118.78)	-
Dividends paid including dividend distribution tax	(7,692.87)	(2,449.29)
CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)	44,799.23	80,176.91
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	64,854.31	34,761.72
Cash and cash equivalents at the beginning of the year	39,699.95	4,938.23
Cash and cash equivalents at the end of the year (refer note 1 below)	104,554.26	39,699.95

Notes:

1 Cash and bank balances at the end of the year comprises:

(₹ in Lakhs)

	As at 31 March 2020	As at 31 March 2019
(a) Cash on hand	21.49	25.04
(b) Balances with banks	78,532.77	31,024.91
Total	78,554.26	31,049.95
Bank deposits with original maturity of 3 months or less	26,000.00	8,650.00
Cash and cash equivalents as per the balance sheet	104,554.26	39,699.95

- 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.
- The Group applied Ind AS 116 at 1 April 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying Ind AS 116 is recognised in retained earnings at the date of initial application.
- The Group as at 31 March 2020 has undrawn borrowing facilities amounting to ₹ 77,880.55 Lakhs that may be available for future operating activities and to settle capital commitments.
- Change in liabilities arising from financing activities**

	1 April 2019	Cash flows	Non-cash changes*	31 March 2020
Debt securities	5,981.78	-	7.40	5,989.18
Borrowings other than debt securities	221,327.10	53,110.79	(838.07)	273,599.82
Total liabilities from financing activities	227,308.88	53,110.79	(830.67)	279,589.00

* Non-cash changes represents the effect of amortization of transaction cost.

See accompanying notes to the financial statements

In terms of our report of even date attached
For B S R & Co. LLP
Chartered Accountants
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Partner
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Mumbai
3 June 2020

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For and on behalf of the Board of Directors of
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(Chairman & Managing Director)
(DIN - 00044852)

Mukesh C. Gandhi
(Whole Time Director & Chief Financial Officer)
(DIN - 00187086)



Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

1. CORPORATE INFORMATION

₹₹₹ Financial Services Limited (the "Holding Company") together with its subsidiary ₹₹₹ 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"). ₹₹₹ Rural Housing & Mortgage Finance Limited is registered as a non deposit taking housing finance company ("HFC") with National Housing Bank ("NHB"). The Group is engaged in the business of providing Micro Enterprise Loans ("MEL"), Small and Medium Enterprise loans ("SME"), Two Wheeler loans ("TW"), Commercial Vehicle loans ("CV"), loans to NBFCs, housing loans, commercial property loans and project loans for real estate projects to customers especially in the segment of affordable housing in rural and urban areas. The Holding Company's equity shares are listed on two recognised stock exchanges in India i.e. BSE Limited and the National Stock Exchange of India Limited.

The Holding Company's registered office is at 6, Ground Floor, Narayan Chambers, behind Patang Hotel, Ashram Road, Ahmedabad - 380009, Gujarat, India.

2. BASIS OF PREPARATION

2.1 Statement of compliance and principles of consolidation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

Principles of consolidation

These consolidated financial statements are prepared on the following basis in accordance with Ind AS 110 on 'Consolidated Financial Statements' specified under Section 133 of the Act.

i) Subsidiary -

Subsidiary in an entity controlled by the Holding Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

ii) Non-controlling interest ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of

acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value on the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

iv) Transactions eliminated on consolidation

The financial statements of the Holding Company and its subsidiary used in the consolidation procedure are drawn up to the same reporting date i.e. 31 March 2020. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances.

v) The following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of incorporation	Ownership held by	% of holding and voting power as at	
				31 March 2020	31 March 2019
₹₹₹ Rural Housing & Mortgage Finance Limited	Subsidiary company	India	₹₹₹ Financial Services Limited	59.67%	59.67%

2.2 Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- Certain loans and investment in equity instruments at fair value through other comprehensive income ("FVOCI")
- Defined benefit plans - plan assets

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

2.3 Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Group operates (the "functional currency"). The values are rounded to the nearest Lakhs, except when otherwise indicated.

2.4 Use of judgements, estimates and assumptions

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 ("COVID-19"):

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loans. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

Judgements

In the process of applying the Group's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the sole payments of principal and interest (the "SPPI") test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how

the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value please refer note 3.8 and note 38.

ii) Effective interest rate ("EIR") method

The Group's EIR methodology, as explained in Note 3.1(A), recognises interest income /



Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/expense that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's expected credit loss (the "ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- a) The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss (the "LTECL") basis.
- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default (the "PD"), exposure at default (the "EAD") and loss given default (the "LGD").
- d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

iv) Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.16.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable.

2.5 Presentation of the consolidated financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 36.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- i) The normal course of business
- ii) The event of default

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. EIR method

Under Ind AS 109, interest income is recorded using EIR method for all financial instruments measured at amortised cost, financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Group calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Group reverts to calculating interest income on a gross basis.

3.2 Financial instrument - initial recognition

A. Date of recognition

All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in note 3.8), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

C. Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- i) Amortised cost
- ii) FVOCI
- iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel.
- b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- d) The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.



Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

SPPI test

As a second step of its classification process, the Group assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, the financial assets are measured as follows:

i) Financial assets carried at amortised cost ("AC")

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at FVOCI

A financial asset is measured at 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").

B. Financial liability

i) Initial recognition and measurement

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the EIR method.

3.4 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in the year ended 31 March 2020 and 31 March 2019.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

B. Derecognition of financial assets other than due to substantial modification

i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Group recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

As per the guidelines of RBI, the Group is required to retain certain portion of the loan assigned to parties in its books as minimum retention requirement ("MRR"). Therefore, it continue to recognise the portion retained by it as MRR.

ii) Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of the ECL principles

In accordance with Ind AS 109, the Group uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL.

ECL are measured through a loss allowance at an amount equal to:

- i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- ii) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant increase in credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2. It also includes upgraded stage 3 loans for which there are no overdue balance.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the life time ECL.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. The Group records an allowance for life time ECL.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

B. The calculation of ECLs

For retail loans

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest

LGD LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS)

% LGD = 1 – recovery rate

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For retail asset channel ("RAC") and housing finance company ("HFC") loan portfolio

For RAC & HFC loan portfolio, the Group has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Group consists of various parameters based on which RAC & HFC loan portfolio is evaluated and credit rating is assigned accordingly. The credit rating matrix developed by the Group is validated in accordance with its ECL policy.

The Group has developed its PD matrix based on the external benchmarking of various external reports, ratings & Basel norms. This PD matrix is calibrated with its historical data and major events on regular time interval in accordance with its ECL policy.

The LGD has been considered based on Basel-III Framework (International Regulatory Framework of Banks) for all the level of credit rating portfolio.

The Group has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated EAD and LGDs are reviewed. While at every year end, PDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%. Credit impairment loans are determined at borrower level.

Loan commitments: When estimating ECL for undrawn loan commitments, the Group estimates the amount sanctioned that will be disbursed after the reporting date. The ECL is then calculated using PD and LGD.

Significant increase in credit risk

The Group monitors all financial assets, including loan commitments issued that are subject to impairment requirements, to assess whether there has been a significant increase in credit risk since initial recognition. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience that is available without undue cost or effort. However, when a financial asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is classified in Stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Definition of default

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

Financial assets in default represent those that are at least 90 DPD in respect of principal or interest and/or where the assets are otherwise considered to be unlikely to pay, including those that are credit-impaired.

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to the statement of profit and loss. The accumulated loss recognised in OCI is recycled to the statement of profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Group relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

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- i) Real GDP (% change pa)
- ii) Lending interest rates
- iii) Manufacturing (% real change pa)
- iv) Services (% of GDP)

3.7 Write-offs

The gross carrying amount of a financial asset is written off when the chances of recoveries are remote. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to

at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

- Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and
- Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 (I) Recognition of other income

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates

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the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

A. Dividend income

Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

B. Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fees and commission income

Fees and commission income such as stamp and document charges, guarantee commission, service income etc. are recognised on point in time basis.

3.9 (II) Recognition of other expense

A. Borrowing costs

Borrowing costs are the interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from

the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.11 Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on property, plant and equipment after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives as specified under schedule II of the Act. Land is not depreciated.

The estimated useful lives are, as follows:

- i) Buildings - 60 years
- ii) Office equipment - 3 to 15 years
- iii) Furniture and fixtures - 10 years
- iv) Vehicles - 8 years

In respect of property, plant and equipment, depreciation is provided on a pro-rata basis from the date on which such asset is purchased or ready for its intended use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

3.12 Intangible assets

The Group's other intangible assets include the value of software and trademark. An intangible asset is

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recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives.

The estimated useful lives are as follows:

- i) Software - 3 years
- ii) Trademark - 10 years

3.13 Impairment of non financial assets - property, plant and equipment and intangible assets

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

3.14 Leases

Effective 1 April 2019, the Group has adopted Ind-AS 116 - Leases and applied it to all lease contracts existing on 1 April 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Group is not required to restate the comparative figures.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

The following policies apply subsequent to the date of initial application, 1 April 2019.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

3.15 Retirement and other employee benefits

Defined contribution plans

The Group's contribution to provident fund and employee state insurance scheme are considered as defined



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contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

The Group pays gratuity to the employees whoever has completed five years of service with the Group at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Group to the Life Insurance Corporation of India who administers the fund of the Group.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

3.16 Provisions, contingent liabilities and contingent assets

A. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past

events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

B. Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

C. Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are neither recognised nor disclosed in the financial statements.

3.17 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or equity.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

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Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off.

C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.18 Earnings per share

Basic earnings per share is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for

any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

3.19 Dividends on ordinary shares

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Holding Company when the distribution is authorised and the distribution is no longer at the discretion of the Holding Company. As per the Act, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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NOTE 5. CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Cash on hand	21.49	25.04
Balances with banks:		
In current/ cash credit accounts	78,532.77	31,024.91
Bank deposits with original maturity of 3 months or less	26,000.00	8,650.00
Total cash and cash equivalents	104,554.26	39,699.95

NOTE 6. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
In current accounts (Refer note below)	48.28	1,051.93
Unpaid dividend bank balances	2.98	0.49
In fixed deposit accounts:		
Deposits given as security against borrowings and other commitments	141.34	228.26
Total bank balance other than cash and cash equivalents	192.60	1,280.68

Note: Balance represents balance with banks in earmarked account i.e. 'collection and payout account'.

NOTE 7. LOANS

(₹ In Lakhs)

	As at 31 March 2020			As at 31 March 2019		
	At fair value through OCI	At amortised cost	Total	At fair value through OCI	At amortised cost	Total
(A) Term loans	335,436.26	24,096.89	359,533.15	321,853.69	26,538.98	348,392.67
Less: Impairment loss allowance	-	310.55	310.55	-	124.93	124.93
Total (A) - Net	335,436.26	23,786.34	359,222.60	321,853.69	26,414.05	348,267.74
(B) (i) Secured by tangible assets	236,813.47	24,096.89	260,910.36	217,910.66	26,538.98	244,449.64
(ii) Unsecured	98,622.79	-	98,622.79	103,943.03	-	103,943.03
Total (B) - Gross	335,436.26	24,096.89	359,533.15	321,853.69	26,538.98	348,392.67
Less: Impairment loss allowance	-	310.55	310.55	-	124.93	124.93
Total (B) - Net	335,436.26	23,786.34	359,222.60	321,853.69	26,414.05	348,267.74
(C) (I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Private Sector	335,436.26	24,096.89	359,533.15	321,853.69	26,538.98	348,392.67
Total (C) - Gross	335,436.26	24,096.89	359,533.15	321,853.69	26,538.98	348,392.67
Less: Impairment loss allowance	-	310.55	310.55	-	124.93	124.93
Total (C) (I) - Net	335,436.26	23,786.34	359,222.60	321,853.69	26,414.05	348,267.74
(C) (II) Loans outside India	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
Total (C) (II) - Net	-	-	-	-	-	-
Total C(I) and C(II)	335,436.26	23,786.34	359,222.60	321,853.69	26,414.05	348,267.74

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Notes:		
1. Secured exposures are exposures secured wholly or partly by hypothecation of assets, undertaking to create a security and/or personal guarantee.		
2. The Group has advanced loans to its officer. Principal amount of such loans outstanding is:	19.79	21.92
3. Refer note no. 31(b) for loans to companies in which directors are interested.		

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 7.1 AN ANALYSIS OF CHANGES IN THE GROSS CARRYING AMOUNT OF LOANS IS GIVEN BELOW:

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	334,093.69	10,931.13	6,673.49	351,698.31	263,755.78	8,507.08	4,824.66	277,087.52
Changes in opening credit exposures (net of repayment and excluding write off)	(222,705.43)	(3,731.09)	41.86	(226,394.66)	(192,698.92)	(4,997.96)	(1,269.71)	(198,966.59)
New assets originated (net of repayment)*	249,259.15	741.14	379.68	250,379.97	270,031.09	5,885.04	2,994.81	278,910.94
Transfers from Stage 1	(11,445.19)	6,884.83	4,560.36	-	(6,924.71)	4,372.13	2,552.58	-
Transfers from Stage 2	3,196.33	(5,015.50)	1,819.17	-	879.70	(1,672.51)	792.81	-
Transfers from Stage 3	9.18	0.25	(9.43)	-	6.48	8.28	(14.76)	-
Amounts written off	(105.67)	(167.97)	(7,081.21)	(7,354.85)	(955.73)	(1,170.93)	(3,206.90)	(5,333.56)
Gross carrying amount closing balance	352,302.06	9,642.79	6,383.92	368,328.77	334,093.69	10,931.13	6,673.49	351,698.31

* New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Group has offered a moratorium of three months on the payment of all principal instalments and / or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers, even if the said amounts were overdue on 29 February 2020. For all such accounts where the moratorium is granted, the Group has excluded the moratorium period from the number of days past due for the purpose of asset classification as per the Group's policy.

NOTE 7.2 RECONCILIATION OF ECL BALANCE IS GIVEN BELOW:

	As at 31 March 2020				As at 31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	1,161.68	1,181.97	1,381.21	3,724.86	801.24	971.82	486.80	2,259.86
Changes in opening credit exposures (net of repayment and excluding write off)	(398.62)	911.64	1,333.85	1,846.87	(654.69)	(230.69)	509.74	(375.64)
New assets originated (net of repayment)	1,582.23	99.43	115.46	1,797.12	1,020.65	720.31	568.40	2,309.36
Transfers from Stage 1	(113.08)	66.72	46.36	-	(35.88)	23.87	12.01	-
Transfers from Stage 2	54.17	(301.42)	247.25	-	30.94	(168.62)	137.68	-
Transfers from Stage 3	1.91	0.04	(1.95)	-	3.37	0.67	(4.04)	-
Amounts written off	(0.57)	(8.70)	(1,186.15)	(1,195.42)	(3.95)	(135.39)	(329.38)	(468.72)
ECL allowance - closing balance	2,287.72	1,949.68	1,936.03	6,173.43	1,161.68	1,181.97	1,381.21	3,724.86

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is ₹ 7,354.85 Lakhs at 31 March 2020 (31 March 2019 : ₹ 5,333.56 Lakhs).

The increase in ECL was driven by an increase in the gross amount of the portfolio, movements between stages as a result of increase in credit risk, change in probability of default and macro economic factors due to estimated impact of COVID-19 pandemic. The extent to which COVID-19 pandemic will impact current estimates of ECL is uncertain at this point of time. The Group has conducted a qualitative assessment and has considered forecasted macro economic factors and a higher probability of default to factor in the potential impact of COVID-19 on impairment allowances. For further details, refer note no. 40.1.

NOTE 8. INVESTMENTS (AT AMORTISED COST)

	As at 31 March 2020	As at 31 March 2019
Investments		
Debt securities	500.00	
Total – Gross (A)	500.00	
(i) Investments outside India	-	
(ii) Investments in India	500.00	
Total (B)	500.00	
Less: Allowance for impairment loss (C)	-	
Total – Net D= (A)-(C)	500.00	

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 9. OTHER FINANCIAL ASSETS

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Security deposits	82.80	68.79
Interest accrued but not due on loans and advances	8,953.28	3,460.20
Interest accrued but not due on bank deposits	31.31	48.59
Interest accrued but not due on investments	2.77	-
Sundry Debtors	2.24	-
Total other financial assets	9,072.40	3,577.58

NOTE 10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(₹ In Lakhs)

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 31 March 2018	662.07	269.65	204.11	238.86	1,374.69	27.29	-	27.29
Additions	6.13	64.42	48.39	45.32	164.26	2.17	0.10	2.27
Disposals	-	11.40	-	11.00	22.40	-	-	-
As at 31 March 2019	668.20	322.67	252.50	273.18	1,516.55	29.46	0.10	29.56
Additions	-	119.84	73.63	-	193.47	11.03	-	11.03
Disposals	-	39.31	27.34	7.24	73.89	-	-	-
As at 31 March 2020	668.20	403.20	298.79	265.94	1,636.13	40.49	0.10	40.59
Depreciation/amortisation								
As at 31 March 2018	9.12	71.72	27.66	37.74	146.24	8.21	-	8.21
Depreciation/amortization charge	11.37	75.53	24.59	39.55	151.04	9.34	-	9.34
Disposal	-	11.32	-	9.08	20.40	-	-	-
As at 31 March 2019	20.49	135.93	52.25	68.21	276.88	17.55	-	17.55
Depreciation/amortization charge	11.44	67.29	29.76	40.39	148.88	11.23	0.01	11.24
Disposal	-	38.29	27.22	7.03	72.54	-	-	-
As at 31 March 2020	31.93	164.93	54.79	101.57	353.22	28.78	0.01	28.79
Net block value:								
As at 31 March 2019	647.71	186.74	200.25	204.97	1,239.67	11.91	0.10	12.01
As at 31 March 2020	636.27	238.27	244.00	164.37	1,282.91	11.71	0.09	11.80

Note: Building under construction amounting to ₹ 4,563.72 Lakhs has been re-classified from property, plant and equipments to capital work in progress.

(c) Right-of-use asset

The details of the right-of-use asset held by the Group is as follows:

(₹ In Lakhs)

Office Premises	
At 01 April 2019	295.87
Additions for the period	10.58
Disposals	15.62
As at 31 March 2020	290.83
Depreciation	
At 01 April 2019	-
Additions	124.94
Disposals	1.76
As at 31 March 2020	123.18
Net Block Value:	
As at 31 March 2020	167.65

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(d) Capital work in progress

Capital work in progress includes borrowing costs related to development of building amounted to ₹ 231.57 Lakhs (previous year ₹ 32.56 Lakhs). Borrowing costs are capitalised using rates based on specific borrowing rate i.e. 9.25% to 9.90%.

NOTE 11. OTHER NON-FINANCIAL ASSETS

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	27.28	6.98
Advances to employees	12.16	13.03
Re-possessed assets	174.68	136.91
Balance with Government Authorities	64.00	39.41
Gratuity fund [refer note 37(B)]	1.28	21.11
Other advances	38.42	27.82
Total	317.82	245.26

NOTE 12. DEBT SECURITIES (AT AMORTISED COST)

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Unsecured debentures (refer note no. 13.2)		
- 400, 14.00% Redeemable, Non-Convertible Debentures of ₹ 1,000,000 each	4,000.00	4,000.00
- 200, 13.50% Redeemable, Non-Convertible Debentures of ₹ 1,000,000 each	2,000.00	2,000.00
Less: Unamortised borrowing costs	(10.82)	(18.22)
Total	5,989.18	5,981.78
Debt securities in India	5,989.18	5,981.78
Debt securities outside India	-	-
Total	5,989.18	5,981.78

NOTE 13. BORROWINGS (OTHER THAN DEBT SECURITIES) (AT AMORTISED COST)

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
(a) Term loans (refer note no. 13.2)		
(i) from banks	127,803.80	73,529.06
(ii) from NHB	1,575.12	1,212.86
(iii) from other parties (financial institutions)	20,869.18	26,211.40
(b) Loans repayable on demand from banks - cash credit (refer note no 13.1)	16,494.45	43,478.36
(c) Short term loans		
(i) from banks	107,800.01	77,500.00
(ii) from other parties (financial institutions)	-	-
Less: Unamortised borrowing costs	(942.74)	(604.58)
Total	273,599.82	221,327.10
Borrowings in India	273,599.82	221,327.10
Borrowings outside India	-	-
Total	273,599.82	221,327.10

NOTE 13.1 LOANS REPAYABLE ON DEMAND FROM BANKS - CASH CREDIT

Note: Cash credit / short term loans from banks are secured by hypothecation of movable assets of the Group and goods covered under hypothecation ("HP") agreements / Loan cum HP agreements and relative book debts, receivables, loans and advances and entire portfolio outstanding (except specific portfolio generated from various term loans sanctioned by various banks/financial institutions on an exclusive basis) and equitable mortgage/negative lien by deposit of title deeds on some of the Group's immovable properties, as collateral security. The loans are also guaranteed by Mr. Kamlesh Chimanlal Gandhi, Mr. Mukesh Chimanlal Gandhi and Mrs. Shweta Kamlesh Gandhi.

The Group has not defaulted in repayment of borrowings and interest.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 13.2 DETAILS OF TERMS OF REDEMPTION/REPAYMENT AND SECURITY PROVIDED IN RESPECT OF DEBT SECURITIES AND BORROWINGS:

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Debentures				
400, 14.00% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 Lakhs each	4,000.00	4,000.00	Coupon Rate: 13.00% p.a. Coupon Payment frequency: Quarterly and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenure Tenure :7 years	N.A.
200, 13.50% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 10 Lakhs each	2,000.00	2,000.00	Coupon Rate: 13.50% p.a. Coupon Payment frequency : Annually and on Maturity Principal Payment frequency: Bullet Payment at the end of the tenure Tenure : 6 years and 6 months	N.A.
Total debentures	6,000.00	6,000.00		
Term loans from banks				
Term Loan - 1	3,000.00	6,000.00	Repayable in 10 quarterly instalments starting from 5 December 2018	Secured by a first charge on hypothecation of present and future loan receivables.
Term Loan - 2	250.00	625.00	Repayable in 20 quarterly instalments starting from 30 September 2015	Secured by a first ranking and exclusive charge on standard receivables of the Holding Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 3	150.00	375.00	Repayable in 20 quarterly instalments starting from 30 September 2015	Secured by a first ranking and exclusive charge on standard receivables of the Holding Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 4	1,200.00	1,800.00	Repayable in 20 quarterly instalments starting from 30 September 2016	Secured by a first ranking and exclusive charge on standard receivables of the Holding Company created out of the loan availed. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 5	11.56	1,896.48	Repayable in 36 monthly instalments starting from 7 April 2017	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 6	2,397.16	4,007.58	Repayable in 36 monthly instalments starting from 7 August 2018	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 7	2,537.23	4,135.07	Repayable in 36 monthly instalments starting from 7 September 2018	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 8	2,210.79	2,460.08	Repayable in 96 monthly instalments starting from 7 April 2018	First and exclusive charge on land, property and commercial property under construction.
Term Loan - 9	3,071.81	-	Repayable in 36 monthly instalments starting from 7 November 2019	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loan - 10	750.00	-	Repayable in 36 monthly instalments starting from 7 April 2020	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 11	3,000.00	-	Repayable in 36 monthly instalments starting from 7 April 2020	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 12	1,250.00	-	Repayable in 36 monthly instalments starting from 7 April 2020	Secured by a first and exclusive charge on specific receivables of the Holding Company created out of the loan availed.
Term Loan - 13	1,041.67	1,875.00	Repayable in 36 monthly instalments starting from 31 July 2018	First and exclusive charge by way of hypothecation on the Holding Company's book debts and loan instalments receivables.
Term Loan - 14	1,071.81	2,046.62	Repayable in 30 monthly instalments starting from 27 October 2018	Secured by a first and exclusive charge on specific book debt and future receivables of the Holding Company created/to be created out of the loan availed.
Term Loan - 15	10,416.67	7,500.00	Repayable in 36 monthly instalments starting from 30 April 2019	First exclusive charge of present and future book debts and receivables of the Holding Company.
Term Loan - 16	7,272.73	10,000.00	Repayable in 11 quarterly instalments starting from 1 July 2019	Exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Holding Company out of the bank finance.
Term Loan - 17	2,500.00	5,000.00	Repayable in 16 quarterly instalments starting from 30 June 2017	Secured by Hypothecation of portfolio of the Holding Company created out of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi and Mrs. Shweta Gandhi.
Term Loan - 18	347.22	1,180.55	Repayable in 36 monthly instalments starting from 1 September 2017	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 19	888.88	1,555.56	Repayable in 36 monthly instalments starting from 1 August 2018	Exclusive charge by way of hypothecation of the specific receivables/book debts.
Term Loan - 20	2,083.33	-	Repayable in 12 quarterly instalments starting from 30 November 2019	Exclusive charge on specific standard book debts and receivables which are financed / to be financed by the Holding Company out of the bank finance.
Term Loan - 21	6,000.00	-	Repayable in 8 quarterly instalments starting from 30 September 2020	Exclusive charge by way of hypothecation of on standard receivables of the Borrower
Term Loan - 22	10,000.00	-	Repayable in 12 quarterly instalments starting from 31 March 2020	Exclusive charge by way of hypothecation of such of the book debts, which are financed/ to be financed by the Holding Company out of the bank financed to the Holding Company.
Term Loan - 23	8,450.00	-	Repayable in 16 quarterly instalments starting from 30 September 2019	Hypothecation of standard portfolio of the Holding Company created out of the term loan.
Term Loan - 24	19,125.00	-	Repayable in 16 quarterly instalments starting from 29 February 2020	Hypothecation of standard portfolio of the Holding Company created out of the term loan.
Term Loan - 25	20,000.00	-	Repayable in 18 quarterly instalments starting from 31 December 2020	Exclusive charge by the way of hypothecation on specific receivables of the Holding Company

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Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loan - 26	50.00	150.00	Repayable in 8 quarterly instalments starting from 11 November 2018	The term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 27	250.00	750.00	Repayable in 8 quarterly instalments starting from 11 December 2018	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 28	375.00	875.00	Repayable in 8 quarterly instalments starting from 27 March 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 29	84.23	421.13	Repayable in 24 quarterly instalments starting from 1 September 2014	Loan is secured by hypothecation charge on portfolio created form the bank finance. Corporate Guarantee of ~~AAA~~ Financial Services Limited. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 30	1,010.98	1,335.42	Repayable in 24 quarterly instalments starting from 31 March 2017	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 31	458.33	625.00	Repayable in 24 quarterly instalments starting from 31 March 2017	Loan is secured by hypothecation charge on portfolio created form the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 32	375.00	541.67	Repayable in 24 quarterly instalments starting from 31 July 2016	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 33	250.00	333.33	Repayable in 24 quarterly instalments starting from 30 June 2017	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 34	541.67	666.67	Repayable in 24 quarterly instalments starting from 30 June 2017	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 35	178.57	321.43	Repayable in 28 quarterly instalments starting from 30 April 2014	Loan is secured by Hypothecation on receivables. Corporate Guarantee of ~~AAA~~ Financial Services Limited. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 36	37.50	87.50	Repayable in 20 quarterly instalments starting from 31 March 2016	Hypothecation of the Receivables arising out of onward lending of Rupee Term loan extended by the Bank. Corporate Guarantee of ~~AAA~~ Financial Services Limited. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.

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Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loan - 37	166.67	250.00	Repayable in 24 quarterly instalments starting from 30 June 2016	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 38	797.89	958.33	Repayable in 24 quarterly instalments starting from 31 January 2019	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets). Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 39	462.09	500.00	Repayable in 24 quarterly instalments starting from 30 September 2019	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets). Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 40	1,375.00	2,375.00	Repayable in 10 quarterly instalments starting from 28 February 2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi & Mrs. Shweta Gandhi.
Term Loan - 41	2,200.00	2,500.00	Repayable in 26 quarterly instalments starting from 28 February 2019	Loan is secured by Hypothecation on receivables. Personal Guarantee of Mr. Kamlesh Gandhi, Mr. Mukesh Gandhi & Mrs. Shweta Gandhi.
Term Loan - 42	87.50	137.50	Repayable in 24 quarterly instalments starting from 19 March 2016	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the Subsidiary Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. & Mrs. Shweta K. Gandhi.
Term Loan - 43	204.11	320.79	Repayable in 24 quarterly instalments starting from 19 March 2016	First & Exclusive Charge by way of Hypothecation of such of the book debts, which are financed to be financed by the Subsidiary Company out of the bank finance. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi. & Mrs. Shweta K. Gandhi.
Term Loan - 44	671.62	791.67	Repayable in 24 quarterly instalments starting from 31 March 2018	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 45	364.11	666.67	Repayable in 36 monthly instalments starting from 30 April 2018	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide one time security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.

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Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loan - 46	2,100.00	2,800.00	Repayable in 8 quarterly instalments starting from 27 December 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 47	4,200.46	5,000.00	Repayable in 18 quarterly instalments starting from 30 June 2019	The Term loan shall be secured by first ranking and exclusive charge on standard receivables of the Subsidiary Company (identified loan assets) sufficient to provide security cover of the outstanding amount of the term loan on a continuous basis, during the tenure of the term loan. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 48	1,007.96	-	Repayable in 24 quarterly instalments starting from 31 December 2020	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets). Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 49	1,510.50	-	Repayable in 24 quarterly instalments starting from 30 June 2021	The Loan is secured by Exclusive charge by way of hypothecation on standard assets portfolio of receivables (excluding stressed assets). Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 50	-	187.50	Repayable in 24 quarterly instalments starting from 28 February 2014	Loan is secured by First & exclusive Hypothecation of Specific Receivables which are not more than 30 days overdue. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loan - 51	-	445.09	Repayable in 8 quarterly instalments starting from 7 October 2017	Loan is secured by First & exclusive Hypothecation of Specific Receivables which are not more than 30 days overdue. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Vehicle Loans - 52	18.75	32.43	Repayable in 36 monthly instalments starting from 5 July 2018	Secured by hypothecation of the vehicle financed.
Total term loans from banks	127,803.80	73,529.06		
Term loans from NHB				
Term Loans from NHB - 1	265.90	397.36	Repayable in 39 quarterly instalments starting from 1 July 2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Gurantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loans from NHB - 2	-	79.44	Repayable in 39 quarterly instalments starting from 1 July 2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Gurantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loans from NHB - 3	-	79.44	Repayable in 39 quarterly instalments starting from 1 July 2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Gurantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.

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Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/ repayment	Security
Term Loans from NHB - 4	278.53	344.61	Repayable in 39 quarterly instalments starting from 1 July 2017	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loans from NHB - 5	-	7.76	Repayable in 27 quarterly instalments starting from 1 July 2013	A first exclusive mortgage and or a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Corporate Guarantee of HAS Financial Services Limited.
Term Loans from NHB - 6	168.64	304.25	Repayable in 51 quarterly instalments starting from 1 July 2014	A first exclusive mortgage and or a first exclusive charge by way of hypothecation of such of the book debts, which are financed / to be financed by the Company. Corporate Guarantee of HAS Financial Services Limited.
Term Loans from NHB - 7	284.55	-	Repayable in 60 quarterly instalments starting from 1 October 2019	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loans from NHB - 8	177.50	-	Repayable in 60 quarterly instalments starting from 1 October 2019	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loans from NHB - 9	400.00	-	Repayable in 60 quarterly instalments starting from 1 July 2020	First & Exclusive Hypothecation of Specific Receivables of the company. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Total term loans from NHB	1,575.12	1,212.86		
Term loans from others				
Term Loans from a Financial Institution - 1	2,202.89	3,352.23	Repayable in 36 monthly instalments starting from 15 March 2019	Exclusive charge by way of hypothecation of specific standard receivable of the Holding Company.
Term Loans from a Financial Institution - 2	-	2,000.00	Repayable in 12 quarterly instalments starting from 30 April 2019	Exclusive charge by way of hypothecation of specific standard receivable of the Holding Company.
Term Loans from a Financial Institution - 3	3,378.95	4,875.45	Repayable in 36 monthly instalments starting from 10 March 2019	Secured by hypothecation of specific book debts created out of the loan availed.
Term Loans from a Financial Institution - 4	2,146.17	4,094.36	Repayable in 10 quarterly instalments starting from 18 December 2018	Exclusive hypothecation charge over receivables/loan assets/ book debts of the Holding Company.
Term Loans from a Financial Institution - 5	-	181.82	Repayable in 11 quarterly instalments starting from 31 December 2016	Secured by exclusive first charge by way of hypothecation of specific book debts of the Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 6	200.00	1,000.00	Repayable in 10 quarterly instalments starting from 31 March 2018	Secured by exclusive first charge by way of hypothecation of specific book debts of the Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 7	2,500.00	4,500.00	Repayable in 10 quarterly instalments starting from 31 March 2019	Secured by exclusive first charge by way of hypothecation of specific book debts of the Holding Company created out of the loan availed.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019	Terms of redemption/repayment	Security
Term Loans from a Financial Institution - 8	3,333.33	5,000.00	Repayable in 36 monthly instalments starting from 30 April 2019	Secured by exclusive first charge by way of hypothecation of specific book debts of the Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 9	2,430.56	-	Repayable in 36 monthly instalments starting from 31 March 2020	Secured by exclusive first charge by way of hypothecation of specific book debts of the Holding Company created out of the loan availed.
Term Loans from a Financial Institution - 10	2,500.00	-	Bullet Repayment on 17 August 2026	N.A.
Term Loans from a Financial Institution - 11	832.50	-	Repayable in 10 quarterly instalments starting from 10 March 2020	Exclusive first charge by way of hypothecation of book debts and receivables of secured loans provided by the Borrower.
Term Loans from a Financial Institution - 12	363.64	727.27	Repayable in 11 quarterly instalments starting from 30 September 2018	The Loan is secured by Exclusive first charge on the loan portfolio of the Borrower by way of hypothecation on the loan installments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Term Loans from a Financial Institution - 13	55.52	222.20	Repayable in 36 monthly instalments starting from 15 August 2017	Loan is secured by hypothecation of book debts created out of the loan availed.
Term Loans from a Financial Institution - 14	64.52	258.07	Repayable in 31 monthly instalments starting from 15 January 2018	Loan is secured by hypothecation of book debts created out of the loan availed.
Term Loans from a Financial Institution - 15	861.11	-	Repayable in 36 monthly instalments starting from 30 November 2019	The Loan is secured by Exclusive first charge on the loan portfolio of the Borrower by way of hypothecation on the loan installments receivables created from the proceeds of the Facility. Personal Guarantee of Mr. Kamlesh Gandhi & Mr. Mukesh Gandhi.
Total term loans from others	20,869.18	26,211.40		

NOTE 14. OTHER FINANCIAL LIABILITIES

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Interest accrued but not due on borrowings	1,261.73	432.64
Interest accrued but not due on others	3,331.05	3,081.85
Dues to the assignees towards collections from assigned receivables	26,205.65	17,925.91
Security deposits received from borrowers	49,916.12	51,044.56
Advances received against loan agreements	10,049.87	62.44
Unpaid dividend on equity shares	2.98	0.49
Dealer advances	108.05	142.90
Lease liability	191.43	-
Amount received under credit linked subsidy scheme (refer note no. 14.1)	-	584.99
Total other financial liabilities	91,066.88	73,275.78

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 14.1 AMOUNT RECEIVED UNDER CREDIT LINKED SUBSIDY SCHEME

Note: The credit linked subsidy amount represents the amount received from NHB at the end of the previous year pending credit to customer accounts based on their eligibility.

NOTE 15. PROVISIONS

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
Compensated absences	1.57	17.19
Provision for Gratuity	45.65	-
Total provisions	47.22	17.19

NOTE 16. OTHER NON-FINANCIAL LIABILITIES

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Statutory remittances	465.16	487.90
Income received in advance	1,414.29	1,447.42
Total other non-financial liabilities	1,879.45	1,935.32

NOTE 17. EQUITY SHARE CAPITAL

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Authorized shares:		
64,000,000 Equity Shares of ₹ 10 each (As at 31 March 2019: 64,000,000 Equity Shares of ₹ 10 each)	6,400.00	6,400.00
22,000,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2019: 22,000,000 0.01% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
22,000,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each (As at 31 March 2019: 22,000,000 13.31% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each)	2,200.00	2,200.00
400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each (As at 31 March 2019: 400 9.75% Compulsorily Convertible Cumulative Preference Shares of ₹ 100,000 each)	400.00	400.00
	11,200.00	11,200.00
Issued, subscribed and fully paid-up shares:		
54,662,043 Equity Shares of ₹ 10 each fully paid-up (As at 31 March 2019: 54,662,043 Equity Shares of ₹ 10 each)	5,466.20	5,466.20
	5,466.20	5,466.20

NOTE 17.1 RECONCILIATION OF THE NUMBER OF SHARES AND AMOUNT OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR:

	(₹ In Lakhs)			
	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	(₹ in Lakhs)	No. of Shares	(₹ in Lakhs)
Equity Shares				
Outstanding at the beginning of the year	54,662,043	5,466.20	54,662,043	5,466.20
Issued during the year	-	-	-	-
Outstanding at the end of the year	54,662,043	5,466.20	54,662,043	5,466.20

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 17.2 DETAILS OF SHARES HELD BY EACH SHAREHOLDER HOLDING MORE THAN 5% SHARES:

(₹ In Lakhs)

Class of shares / Name of shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Shweta Kamlesh Gandhi	16,338,450	29.89%	16,338,450	29.89%
Mukesh C. Gandhi	16,155,814	29.56%	16,155,814	29.56%
Kamlesh C. Gandhi	6,281,583	11.49%	6,264,081	11.46%
Vistra ITCL I Limited Business Excellence Trust III India Business	4,005,737	7.33%	3,990,422	7.30%
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund	2,778,491	5.08%	-	0.00%

Note: 4,250 equity shares were purchased by Kamlesh C. Gandhi (2,250 shares on 30 March 2020 and 2,000 shares on 31 March 2020). However the said shares were not reflected under the BENPOS received from Registrar and Transfer Agent as the same were in transit. Therefore, the same have not been included under the shareholding pattern for the year ended on 31 March 2020.

NOTE 17.3 DETAILS OF BONUS SHARES ISSUED DURING THE FIVE YEARS IMMEDIATELY PRECEDING THE BALANCE SHEET DATE:

24,000,188 equity shares of ₹ 10 each fully paid-up were allotted as bonus shares by capitalisation of general reserve and balance from the statement of profit and loss during the year ended 31 March 2017.

NOTE 17.4 TERMS/ RIGHTS ATTACHED TO EQUITY SHARES

The Holding Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Holding Company, the equity shareholders of the Holding Company will be entitled to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

NOTE 18. OTHER EQUITY (REFER NOTE 18.1)

(₹ In Lakhs)

	As at 31 March 2020	As at 31 March 2019
Reserve under section 45-IC of Reserve Bank of India Act, 1934 (the "RBI Act, 1934")		
Outstanding at the beginning of the year	10,957.74	7,915.45
Additions during the year	3,564.26	3,042.29
Outstanding at the end of the year	14,522.00	10,957.74
Equity component of compound financial instruments- optionally convertible preference shares		
Outstanding at the beginning of the year	33.61	109.95
Add: Effect of changes in the Group's interest	-	0.11
Less: Dividend on 8% OCPS	(18.99)	-
Less: Dividend Distribution Tax on 8% OCPS	(3.90)	-
Less: Equity component of 8% OCPS converted into equity share capital	-	(76.45)
Outstanding at the end of the year	10.72	33.61
Capital reserve on consolidation		
Outstanding at the beginning of the year	-	12.72
Less: Effect of changes in the Group's interest	-	(12.72)
Outstanding at the end of the year	-	-
Reserve fund under section 29C of The National Housing Bank Act, 1987 ("NHB Act")		
Opening balance		
a. Statutory reserve u/s 29C of NHB Act	1.80	1.80
b. Amount of special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	260.12	198.64
c. Total	261.92	200.44

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Addition / appropriation / withdrawal during the year		
Add:		
a. Amount transferred u/s 29C of the NHB Act	-	-
b. Amount of special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	53.04	61.28
Less:		
a. Amount appropriated u/s 29C of NHB Act	-	-
b. Amount withdrawn from special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	-	-
Add: Effect of changes in the Group's interest		
a. Statutory reserve u/s 29C of NHB Act	-	-
b. Amount of special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	-	0.20
Closing balance		
a. Statutory reserve u/s 29C of NHB Act	1.80	1.80
b. Amount of special reserve u/s 36(i)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of NHB Act	313.16	260.12
c. Total	314.96	261.92

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Securities premium		
Outstanding at the beginning of the year	42,695.48	42,699.41
Additions during the year	-	(3.95)
Add: Effect of changes in the Group's interest	-	0.02
Outstanding at the end of the year	42,695.48	42,695.48
Retained earnings		
Outstanding at the beginning of the year	27,578.60	17,755.10
Profit for the year	17,995.76	15,353.69
Effect of changes in the Group's interest	-	13.15
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	(24.06)	(8.19)
Transition impact of Ind AS 116	(12.45)	-
	45,537.85	33,113.75
Appropriations:		
Transfer to reserve under section 45-IC of the RBI Act, 1934	(3,564.26)	(3,042.29)
Reserve u/s 29C of NHB Act and special reserve u/s 36(1)(viii) of Income-tax Act, 1961	(53.04)	(61.28)
Final dividend on equity shares	(1,967.83)	(1,180.70)
Final dividend on preference shares	-	(19.09)
Interim dividend on equity shares	(4,372.96)	(819.93)
Dividend Distribution Tax ("DDT") on final equity dividend	(409.68)	(240.96)
DDT on preference dividend	-	(3.95)
DDT on interim equity dividend	(898.88)	(166.95)
Total appropriations	(11,266.65)	(5,535.15)
Retained earnings	34,271.20	27,578.60
Other comprehensive income		
Outstanding at the beginning of the year	4,561.24	3,759.61
Equity instruments through other comprehensive income	-	(1.10)
Loans and advances through other comprehensive Income	662.42	(993.76)

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Impairment on loans and advances through OCI	2,260.35	1,448.85
Income tax relating to items that will not be reclassified to profit or loss	-	0.38
Income tax relating to items that will be reclassified to profit or loss	(166.73)	347.26
Other comprehensive income for the year, net of tax	7,317.28	4,561.24
Total other equity	99,131.64	86,088.59

NOTE 18.1 NATURE AND PURPOSE OF RESERVE

1 Reserve u/s. 45-IC of the RBI Act, 1934

Reserve u/s. 45-IC of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 Reserve fund u/s. 29C of NHB Act

Special reserve has been created in terms of section 36(1) (viii) of the Income-tax Act, 1961 out of the distributable profits of the subsidiary company. As per section 29C of NHB Act, the subsidiary company is required to transfer at least 20% of its net profits prior to distribution of dividend every year to a reserve. For this purpose any special reserve created by the subsidiary company in terms of section 36(1) (viii) of the Income-tax Act, 1961 is considered an eligible transfer.

3 Equity component of compound financial instruments - optionally convertible preference shares

Equity component of compound financial instruments represents equity component of OCPS of subsidiary company.

4 Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 the Act.

5 Surplus in the statement of profit and loss

Surplus in the statement of profit and loss is the accumulated available profit of the Group carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

6 FVOCI equity investments

The Holding Company has elected to recognise changes in the fair value of investments in equity securities in OCI. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from these reserves to retained earnings when the relevant equity securities are derecognised.

7 FVOCI - loans and advances

The Group recognises changes in the fair value of loans and advances in OCI. These changes are accumulated within the FVOCI - loans and advances reserve within equity. The Group transfers amounts from these reserves to retained earnings when the loans and advances are sold.

8 Remeasurement of the defined benefit liabilities

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any

NOTE 18.2 EQUITY DIVIDEND PAID AND PROPOSED

	(₹ In Lakhs)	
	31 March 2020	31 March 2019
Declared and paid during the year		
Dividends on equity shares:		
Final dividend for 31 March 2019: ₹ 3.60 per share (31 March 2018: ₹ 2.16 per share)	1,967.83	1,180.70
Interim dividend for 31 March 2020: ₹ 8 per share (31 March 2019 : ₹ 1.5 per share)	4,372.96	819.93
Total dividends paid	6,340.79	2,000.63

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

	(₹ In Lakhs)	
	31 March 2020	31 March 2019
Proposed for approval at Annual General Meeting (not recognised as a liability)		
Dividend on equity shares:		
Final dividend for 31 March 2020: Nil per share (31 March 2019: ₹ 3.60 per share)	-	1,967.83
DDT on proposed dividend	-	404.49

NOTE 19. INTEREST INCOME

	Year ended 31 March 2020			Year ended 31 March 2019		
	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total	On financial assets measured at FVOCI	On financial assets measured at amortised cost	Total
Interest on loans	52,826.26	3,651.91	56,478.17	44,425.83	3,140.16	47,565.99
Interest on deposits with banks	-	1,272.86	1,272.86	-	729.36	729.36
Other interest income	719.38	1,220.53	1,939.91	498.69	874.61	1,373.30
Total	53,545.64	6,145.30	59,690.94	44,924.52	4,744.13	49,668.65

NOTE 20. OTHER INCOME

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Net gain/(loss) on derecognition of property, plant and equipment	(0.82)	1.77
Income from non-financing activity	27.52	10.24
Interest income from NCD	8.26	-
Gain on derecognition of leased asset	0.95	-
Total	35.91	12.01

NOTE 21. FINANCE COST (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Interest on borrowings	22,769.06	16,356.95
Interest on debt securities	791.81	796.68
Other interest expense	4,908.68	4,404.83
Other borrowing cost	1,117.65	807.59
Lease liability interest obligation	24.00	-
Total	29,611.20	22,366.05

NOTE 22. IMPAIRMENT ON FINANCIAL INSTRUMENTS

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Loans		
- Expected credit loss (On financial instruments measured at FVOCI)	2,262.96	1,448.86
- Expected credit loss (On financial instruments measured at amortised cost)	185.61	16.14
- Write off (net of recoveries)	6,445.96	4,078.65
Total	8,894.53	5,543.65

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 23. EMPLOYEE BENEFITS EXPENSE

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	5,528.99	4,940.30
Contribution to provident fund and other funds	222.53	168.38
Gratuity expense	43.67	41.63
Staff welfare expenses	73.81	54.32
Total	5,869.00	5,204.63

NOTE 24. DEPRECIATION AND AMORTISATION

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on property, plant and equipment	148.87	151.02
Amortisation of intangible assets	11.24	9.34
Right to use asset depreciation	124.94	-
Total	285.05	160.36

NOTE 25. OTHER EXPENSES

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Rent (Refer note no. 34)	144.47	227.16
Rates and taxes	14.22	17.50
Stationery and printing	98.19	85.52
Telephone	74.31	78.23
Electricity	78.99	74.34
Postage and courier	87.11	82.92
Insurance	95.61	125.84
Conveyance	160.24	220.43
Travelling	253.88	274.62
Repairs and maintenance:		
Building	39.72	28.04
Others	133.73	119.56
Professional fees	545.73	689.90
Payment to auditors (refer note below)	61.89	52.88
Director's sitting fees	10.25	6.79
Legal expenses	154.07	80.70
Bank charges	257.19	133.70
Advertisement expenses	211.83	171.89
Loss on sale of repossessed assets (net)	327.03	200.44
Sales promotion expenses	64.05	51.38
Donation	-	0.15
Recovery contract charges	80.61	103.28
Corporate social responsibility expenditure	53.91	25.87
Miscellaneous expenses	172.92	138.67
Total	3,119.95	2,989.81

Note: Payment to auditors (including taxes)

As auditor		
Statutory audit	26.07	23.67
Limited review of quarterly results	29.70	25.55
Other services	2.92	2.49
Reimbursements of expenses	3.19	1.18
	61.88	52.89

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 26. TAX EXPENSES

The components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Current tax	6,391.18	8,340.61
Adjustment in respect of current income tax of prior years	(95.99)	7.12
Deferred tax	(561.14)	(7.57)
Total tax charge	5,734.05	8,340.16
Current tax	6,295.19	8,347.73
Deferred tax	(561.14)	(7.57)

The Taxation Laws (Amendment) Ordinance, 2019 contained substantial amendments in the Income Tax Act, 1961 and the Finance (No. 2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Group has elected to apply the concessional tax rate. Accordingly, the Group has recognised the provision for income tax and re-measured the net deferred tax liabilities / assets at the concessional tax rate during the year ended 31 March 2020. Further, the opening net deferred tax liabilities and net deferred tax assets in the books of the Group had been re-measured at lower rate with a one-time impact of ₹ 240.70 Lakhs and ₹ 6.61 Lakhs respectively recognised in the consolidated financial statement for the year ended 31 March 2020.

NOTE 26.1 RECONCILIATION OF THE TOTAL TAX CHARGE

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 31 March 2019 is, as follows:

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Accounting profit before tax	23,860.19	23,800.81
Applicable tax rate	25.183%	34.841%
Computed tax expense	6,008.67	8,292.37
Tax effect of :		
Exempted income	(2.68)	(9.71)
Additional deduction	(12.23)	(28.44)
Non deductible items	82.61	80.22
Adjustment on account of change in tax rate	(234.09)	-
Adjustment in respect of current income tax of prior years	(95.99)	7.12
Others	(12.24)	(1.40)
Tax expenses recognised in the statement of profit and loss	5,734.05	8,340.16
Effective tax rate	24.032%	35.041%

NOTE 26.2 DEFERRED TAX

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Deferred tax asset / liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	(791.14)	(1,150.60)
Credit / (charge) to other equity	4.68	-
Credit / (charge) for loans and advances through OCI	(167.47)	347.26
Credit / (charge) for equity instruments through OCI	-	0.38
Credit / (charge) for remeasurement of the defined benefit liabilities	8.51	4.25
Credit / (charge) to the statement of profit and loss	561.14	7.57
At the end of year DTA / (DTL)	(384.28)	(791.14)

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

	As at 31 March 2019	Statement of profit and loss	OCI	Other Equity	(₹ In Lakhs) As at 31 March 2020
Component of deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to:					
Difference between written down value of fixed assets as per books of accounts and income tax	(42.04)	6.88	-	-	(35.16)
Deferred tax on fair value of investments	(2.38)	2.38	-	-	-
Impact of fair value of assets	60.49	(16.87)	(167.47)	-	(123.85)
Income taxable on realised basis	(2,093.32)	284.91	-	-	(1,808.41)
Deferred tax on prepaid finance charges	(11.66)	17.02	-	-	5.36
Impairment on financial assets	1,292.72	261.14	-	-	1,553.86
Recognition of lease asset and right to use asset	-	2.52	-	4.68	7.20
Expenses allowable on payment basis	5.05	3.16	8.51	-	16.72
Total	(791.14)	561.14	(158.96)	4.68	(384.28)

	As at 31 March 2018	Statement of profit and loss	OCI	Other Equity	(₹ In Lakhs) As at 31 March 2019
Component of deferred tax asset / (liability)					
Deferred tax asset / (liability) in relation to:					
Difference between written down value of fixed assets as per books of accounts and income tax	(39.73)	(2.31)	-	-	(42.04)
Deferred tax on fair value of investments	(5.45)	2.69	0.38	-	(2.38)
Impact of fair value of assets	(286.77)	-	347.26	-	60.49
Income taxable on realised basis	(1,677.59)	(415.73)	-	-	(2,093.32)
Deferred tax on prepaid finance charges	(25.43)	13.77	-	-	(11.66)
Impairment on financial assets	779.98	512.74	-	-	1,292.72
Expenses allowable on payment basis	104.39	(103.59)	4.25	-	5.05
Total	(1,150.60)	7.57	351.89	-	(791.14)

NOTE 26.3 CURRENT TAX LIABILITIES

	As at 31 March 2020	As at 31 March 2019
Provision for tax [net of advance tax of Nil (31 March 2019 ₹ 6,727.56 Lakhs)]	-	1,621.96

NOTE 26.4 INCOME TAX ASSETS

	As at 31 March 2020	As at 31 March 2019
Income tax assets [net of provision for tax of ₹ 27,388.59 Lakhs (31 March 2019 ₹ 12,771.00 Lakhs)]	223.22	95.16

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Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 27. EARNINGS PER SHARE

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
(A) Basic earnings per share		
Net profit for the year attributable to the owners of the Holding Company (basic) (numerator)	17,995.76	15,460.65
Computation of weighted average number of shares (denominator)	Nos.	Nos.
Weighted average number of equity shares of ₹ 10 each used for calculation of basic earnings per share	54,662,043	54,662,043
Basic earnings per share of face value of ₹ 10 each (in ₹)	32.92	28.28
(B) Diluted earnings per share		
Net profit for the year attributable to the owners of the Holding Company (diluted) (numerator)	17,995.76	15,460.65
Computation of weighted average number of shares (denominator)	Nos.	Nos.
Weighted average number of equity shares as above	54,662,043	54,662,043
Diluted earnings per share of face value of ₹ 10 each (in ₹)	32.92	28.28

NOTE 28. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
(A) Commitments		
I) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
Property, plant and equipment	-	20.08
II) Loan commitments for sanctioned but not disbursed amount	798.84	4,857.95

NOTE 29. CORPORATE SOCIAL RESPONSIBILITY ("CSR") EXPENSES:

The gross amount required to be spent by the Holding Company during the year towards CSR is ₹ 330.04 Lakhs (31 March 2019: ₹ 228.52 Lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below:

	In cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any assets	(Year ended 31 March 2020)	-	-
	(Year ended 31 March 2019)	-	-
(ii) On purposes other than (i) above	(Year ended 31 March 2020)	53.91	53.91
	(Year ended 31 March 2019)	25.87	25.87

NOTE 30. SEGMENT REPORTING:

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group is engaged primarily on the business of 'Financing' only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Group are in India. All non-current assets of the Group are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 - 'Operating Segments'.

NOTE 31. RELATED PARTY DISCLOSURES:

(a) Related party disclosures as required by Ind AS 24 - 'Related Party Disclosures'.

List of related parties and relationships:

Sr. No.	Nature of relationship	
1	Key management personnel (where there are transactions)	Mr. Kamlesh C. Gandhi (Chairman and managing director) Mr. Mukesh C. Gandhi (Whole time director and chief financial officer) Mrs. Darshana S. Pandya (Director and chief executive officer) Mr. Bala Bhaskaran (Independent director) Mr. Umesh Shah (Independent director) Mr. Chetanbhai Shah (Independent director) Mrs. Daksha Shah (Independent director)

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Sr. No.	Nature of relationship	
2	Other related parties (where there are transactions)	Prarthna Marketing Private Limited Anamaya Capital LLP Mrs. Shweta K. Gandhi Mr. Dhvanil K. Gandhi Mr. Saumil D. Pandya

Transactions with related parties are as follows:

(₹ In Lakhs)

	Year ended 31 March 2020		
	Key management personnel	Other related parties	Total
Remuneration (including bonus)	1,723.80	68.28	1,792.08
Dividend paid	2,605.89	2,060.87	4,666.76
Sitting fees	9.20	-	9.20

(₹ In Lakhs)

	Year ended 31 March 2019		
	Key management personnel	Other related parties	Total
Remuneration (including bonus)	1,470.65	55.09	1,525.74
Dividend paid	846.34	655.41	1,501.75
Sitting fees	6.45	-	6.45

Balances outstanding from related parties are as follows:

(₹ In Lakhs)

	As at 31 March 2020		
	Key management personnel	Other related parties	Total
Loans and advances given	19.79	-	19.79
Bonus payable	96.38	1.80	98.18

(₹ In Lakhs)

	As at 31 March 2019		
	Key management personnel	Other related parties	Total
Loans and advances given	21.92	-	21.92
Bonus payable	159.57	1.57	161.14

All transactions with these related parties are priced on an arm's length basis.

Key managerial personnel who are under the employment of the Group are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

Transactions with key management personnel are as follows:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Post-employment benefits	2.48	27.71
Other long term employment benefits	-	14.04
	2.48	41.75

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(b) Disclosures as per Regulation 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements, 2015).

Loans and advances in the nature of loans to companies in which directors are interested as under:

Sr. No.	Name	As at 31 March 2020	Maximum balance out-standing during the year ended 31 March 2020	As at 31 March 2019	Maximum balance out-standing during the year ended 31 March 2019
1	Paras Capfin Company Private Limited	-	-	-	857.75
2	M Power Micro Finance Private Limited	1,300.00	1,300.00	500.00	3,350.97

* The director interested in Paras Capfin Company Private Limited redeemed his holding on 11 May 2018 and hence, the disclosures made are of amount outstanding as on 11 May 2018 and maximum balance outstanding up to that date.

NOTE 32. Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act for the Holding Company has been given below:

	As at 31 March 2020	As at 31 March 2019
Principal amount payable to suppliers as at year-end	-	-
Interest due thereon as at year end	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates	-	-
Amount of delayed payment actually made to suppliers during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

NOTE 33. OFFSETTING

Following table represents the recognised financial assets that are offset, or subject to enforceable master netting arrangements and other similar arrangements but not offset, as at 31 March 2020 and 31 March 2019. The column 'net amount' shows the impact of Group's balance sheet if all the set-off rights were exercised.

	Effect of offsetting on the balance sheet			Related amount not offset		
	Gross amounts	Gross amount off set in balance sheet (refer note 1)	Net amount presented in balance sheet	Advances received against loan agreements (refer note 1)	Financial instrument collateral (refer note 2 and 3)	Net amount
31 March 2020						
Loans and advances	362,643.95	3,421.35	359,222.60	10,049.88	50,032.17	299,140.55
31 March 2019						
Loans and advances	350,031.77	1,764.03	348,267.74	62.44	51,242.11	296,963.19

Note:

- ₹ 13,471.23 Lakhs (31 March 2019: ₹ 1,826.47 Lakhs) represents advances received against loan agreements.
- ₹ 49,916.12 Lakhs (31 March 2019: ₹ 51,044.56 Lakhs) represents security deposits received from borrowers.
- ₹ 116.05 Lakhs (31 March 2019: ₹ 197.55 Lakhs) represents deposits given as security against borrowings.

NOTE 34. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has applied the following standards and amendments for the first time for annual reporting period commencing from 1 April 2019.

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Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

NOTE 34.1 IND AS 116 : LEASES

Nature of the effect of adoption of Ind AS 116

The Group has lease contracts for office / branch premises. Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The operating lease commitments as of 31 March 2019 reconciled with lease liabilities as at 1 April 2019 as follows:

Future operating lease commitments as at 31 March 2019	343.87
Weighted average incremental borrowing rate as at 1 April 2019	9 - 10%
Discounted operating lease commitments at 1 April 2019	286.29
Change in estimate of lease term	-
Lease liabilities as at 1 April 2019	286.29

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

The effect of adoption Ind AS 116 as at 1 April 2019 [increase/(decrease)] is as follows:

Assets	
Right of use assets	295.87
Deferred tax asset (net)	4.67
Total Assets	300.54
Liabilities	
Financial liabilities - lease liabilities	314.44
Other equity	(13.90)
Total liabilities	300.54

Amounts recognised in the balance sheet and statement of profit and loss

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

	(₹ In Lakhs)	
	Right to use of assets Buildings	Lease liabilities
As at 1 April 2019		
Recognition on initial application of Ind AS 116	295.87	314.44
Depreciation and amortisation expenses	(123.45)	-
Interest expenses	-	24.00
(Deductions) / adjustment	(4.77)	(4.22)
Payments	-	(142.79)
As at 31 March 2020	167.65	191.43

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Set out below, are the amounts recognised in statement of profit or loss:

Post-amendment in Ind AS 116	
Depreciation expense of right-of-use assets	124.94
Interest expense on lease liabilities	24.00
Rent expense - short-term leases and leases of low value assets	144.47
Gain on derecognition of leased asset	(0.95)
Total amounts recognised in profit or loss	292.46
Pre-amendment in Ind AS 116	
Rent expense	301.65
Total amount that would have been recognised in profit or loss	301.65

NOTE 35: ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE ACT.

As at 31 March 2020								
Name of entity in the Group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income (OCI)		Share of Total Comprehensive Income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Holding Company								
HAS Financial Services Limited	94.40%	100,624.84	97.86%	17,738.41	99.51%	470.24	97.90%	18,208.65
Subsidiary								
HAS Rural Housing & Mortgage Finance Limited	3.73%	3,973.00	1.42%	257.35	0.29%	1.39	1.39%	258.74
Non-controlling interest	1.87%	1,989.15	0.72%	130.38	0.20%	0.94	0.71%	131.32
Total	100.00%	106,586.99	100.00%	18,126.14	100.00%	472.57	100.00%	18,598.71

As at 31 March 2019								
Name of entity in the Group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of other comprehensive income (OCI)		Share of Total Comprehensive Income (TCI)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Holding Company								
HAS Financial Services Limited	95.01%	88,770.90	98.18%	15,179.67	100.34%	(656.74)	98.09%	14,522.93
Subsidiary								
HAS Rural Housing & Mortgage Finance Limited	2.98%	2,783.89	1.13%	174.02	-0.20%	1.32	1.18%	175.34
Non-controlling interest	2.01%	1,877.32	0.69%	106.96	-0.14%	0.90	0.73%	107.86
Total	100.00%	93,432.11	100.00%	15,460.65	100.00%	(654.52)	100.00%	14,806.13

NOTE 36: MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	(₹ In Lakhs)					
	As at 31 March 2020			As at 31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	104,554.26	-	104,554.26	39,699.95	-	39,699.95
Bank balance other than above	164.49	28.11	192.60	1,280.68	-	1,280.68
Loans	162,659.49	196,563.11	359,222.60	183,747.07	164,520.67	348,267.74
Investments	500.00	-	500.00	-	-	-

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Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

	As at 31 March 2020			As at 31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Other financial assets	9,039.09	33.31	9,072.40	3,496.38	81.20	3,577.58
Non-financial assets						
Income tax assets (net)	223.22	-	223.22	95.16	-	95.16
Deferred tax Assets (net)	-	60.13	60.13	69.41	-	69.41
Property, plant and equipment	-	1,282.91	1,282.91	-	1,239.67	1,239.67
Capital work-in-progress	-	4,821.34	4,821.34	-	4,564.43	4,564.43
Right-of-use asset	101.67	65.98	167.65	-	-	-
Other Intangible assets	-	11.80	11.80	-	12.01	12.01
Other non-financial assets	317.82	-	317.82	205.85	39.41	245.26
Total assets	277,560.04	202,866.69	480,426.73	228,594.50	170,457.39	399,051.89
LIABILITIES						
Financial liabilities						
Trade payables						
Total outstanding dues of creditors other than micro enterprises and small enterprises	812.78	-	812.78	600.10	-	600.10
Debt securities	-	5,989.18	5,989.18	-	5,981.78	5,981.78
Borrowings (other than debt securities)	182,444.45	91,155.37	273,599.82	158,705.72	62,621.38	221,327.10
Other financial liabilities	60,735.35	30,331.53	91,066.88	34,601.69	38,674.09	73,275.78
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	1,621.96	-	1,621.96
Provisions	1.57	45.65	47.22	17.19	-	17.19
Deferred tax liabilities (net)	-	444.41	444.41	-	860.55	860.55
Other non-financial liabilities	1,261.35	618.10	1,879.45	803.13	1,132.19	1,935.32
Total liability	245,255.50	128,584.24	373,839.74	196,349.79	109,269.99	305,619.78
Net	32,304.54	74,282.45	106,586.99	32,244.71	61,187.40	93,432.11

NOTE 37. EMPLOYEE BENEFIT PLAN

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

(a) Defined contribution plan

The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Group's contribution to provident fund aggregating ₹ 177.51 Lakhs (31 March 2019: ₹ 99.92 Lakhs) and employee state insurance scheme aggregating ₹ 27.72 Lakhs (31 March 2019: ₹ 43.72 Lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

The Group operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age / resignation date.

The defined benefit plans expose the Group to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

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Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The status of gratuity plan as required under Ind AS-19 is as under:

		(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019	
i. Reconciliation of opening and closing balances of defined benefit obligation			
Present value of defined benefit obligations at the beginning of the year	228.27	167.77	
Current service cost	47.07	45.68	
Interest cost	17.11	12.70	
Benefit paid	(5.20)	(5.11)	
Re-measurement (or Actuarial) (gain) / loss arising from:			
Change in demographic assumptions	0.93	-	
Change in financial assumptions	30.20	3.08	
Experience variance (i.e. Actual experience vs assumptions)	(2.41)	4.15	
Present value of defined benefit obligations at the end of the year	315.97	228.27	
ii. Reconciliation of opening and closing balances of the fair value of plan assets			
Fair value of plan assets at the beginning of the year	249.37	205.72	
Interest income	20.51	17.38	
Return on plan assets excluding amounts included in interest income	(5.10)	(4.31)	
Contributions by employer	12.01	35.69	
Benefits paid	(5.20)	(5.11)	
Fair value of plan assets at the end of the year	271.59	249.37	
iii. Reconciliation of the present value of defined benefit obligation and fair value of plan assets			
Present value of defined benefit obligations at the end of the year	315.97	228.27	
Fair value of plan assets at the end of the year	271.59	249.37	
Net asset / (liability) recognized in balance sheet as at the end of the year	(44.38)	21.10	

iv. Composition of plan assets

100% of plan assets are administered by LIC. Further, exposure of the investment made by LIC in respective securities are as follows:

		(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019	
State government security	56.02	49.70	
NCD / Bonds	20.94	22.71	
Central Government security	19.35	18.75	
CBLO, bank balance, etc.	-	4.92	
Equity	3.67	3.92	
Other approved security	0.01	-	
Total	100.00	100.00	

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	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
v. Expense recognised during the Year		
Current service cost	47.07	45.68
Interest cost	(3.40)	(4.67)
Past service cost	-	0.63
Expenses recognised in the statement of profit and loss	43.67	41.64
vi. Other comprehensive income		
Components of actuarial gain/losses on obligations:		
Due to change in financial assumptions	30.20	3.08
Due to change in demographic assumption	0.93	-
Due to experience adjustments	(2.41)	4.15
Return on plan assets excluding amounts included in interest income	5.10	4.31
Components of defined benefit costs recognised in other comprehensive income	33.82	11.54

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
vii. Principal actuarial assumptions		
Discount rate (per annum)	6.85%	7.60%
Rate of return on plan assets (p.a.)	6.85%	7.60%
Annual increase in salary cost	8.00%	8.00%
Withdrawal rates per annum		
25 and below	5.00%	3.00%
26 to 35	4.50%	2.50%
36 to 45	3.50%	2.00%
46 to 55	2.50%	1.50%
56 and above	2.00%	1.00%

The discount rate is based on the prevailing market yields of Government of India's bond as at the balance sheet date for the estimated term of the obligations.

viii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting year, while holding all other assumptions constant. The results of sensitivity analysis is given below:

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Defined benefit obligation (Base)	315.96	228.26

	(₹ In Lakhs)			
	Year ended 31 March 2020		Year ended 31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	336.70	296.99	244.55	213.41
(% change compared to base due to sensitivity)	6.56%	-6.00%	7.14%	-6.51%
Salary Growth Rate (- / + 0.5%)	300.46	332.27	216.34	241.38
(% change compared to base due to sensitivity)	-4.91%	5.16%	-5.22%	5.75%
Withdrawal Rate (W.R.) (W.R. x 90% / W.R. x 110%)	316.68	315.23	228.08	228.37
(% change compared to base due to sensitivity)	0.23%	-0.23%	-0.08%	0.05%

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ix. Asset liability matching strategies

The Group contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

x. Effect of plan on the entity's future cash flows

a) Funding arrangements and funding policy

The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group.

b) Maturity profile of defined benefit obligation

The average outstanding term of the obligations (years) as at valuation date is 12.85 to 14.40 years.

	(₹ In Lakhs)	
	Cash flows (₹)	Distribution (%)
Expected cash flows over the next (valued on undiscounted basis):		
1 st following year	10.67	1.80%
2 nd following year	11.15	3.40%
3 rd following year	28.33	4.30%
4 th following year	13.36	4.00%
5 th following year	12.52	2.60%
Sum of years 6 to 10	86.94	16.10%

The future accrual is not considered in arriving at the above cash-flows.

The expected contribution for the next year is ₹ 54.67 Lakhs.

(c) Other long term employee benefits

The liability for compensated absences as at the year ended 31 March 2020 is ₹ 1.57 Lakhs and as at year ended 31 March 2019 is ₹ 17.19 Lakhs.

NOTE 38. FINANCIAL INSTRUMENT AND FAIR VALUE MEASUREMENT

A. Accounting classifications and fair values

The carrying amount and fair value of financial instruments including their levels in the fair value hierarchy presented below:

As at 31 March 2020	Carrying amount			Fair value			(₹ In Lakhs)
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Loans	23,786.34	335,436.26	-	-	-	359,450.61	359,450.61
	23,786.34	335,436.26	-				
Financial assets not measured at fair value ¹							
Cash and cash equivalents	104,554.26	-	-				
Bank balance other than cash and cash equivalents	192.60	-	-				
Investment in debt securities	500.00	-	-				
Security deposits	82.80	-	-	-	-	78.35	78.35
Interest accrued but not due on loans and advances	8,953.28	-	-				
Interest accrued but not due on bank deposits	31.31	-	-				
Interest accrued but not due on investments	2.77	-	-				
Other financials asset	2.24	-	-				
	114,319.26	-	-				

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

(₹ In Lakhs)

As at 31 March 2020	Carrying amount			Fair value			Total
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	
Financial liabilities not measured at fair value ¹							
Trade payables	812.78	-	-				
Debt securities	5,989.18	-	-	-	-	6,248.02	6,248.02
Borrowings (other than debt securities)	273,599.82	-	-	-	-	275,090.95	275,090.95
Other financial liabilities	91,066.88	-	-				
	371,468.66	-	-				

(₹ In Lakhs)

As at 31 March 2019	Carrying amount			Fair value			Total
	Amortised cost	FVOCI	FVTPL	Level 1	Level 2	Level 3	
Financial assets measured at fair value							
Loans	26,414.05	321,853.69	-	-	-	321,853.69	321,853.69
	26,414.05	321,853.69	-				
Financial assets not measured at fair value ¹							
Cash and cash equivalents	39,699.95	-	-				
Bank balance other than cash and cash equivalents	1,280.68	-	-				
Security deposits	68.79	-	-	-	-	61.34	61.34
Interest accrued but not due on loans and advances	3,460.20	-	-				
Interest accrued but not due on bank deposits	48.59	-	-				
	44,558.21	-	-				
Financial liabilities not measured at fair value ¹							
Trade payables	600.10	-	-				
Debt securities	5,981.78	-	-	-	-	6,027.90	6,027.90
Borrowings (other than debt securities)	221,327.10	-	-	-	-	221,753.37	221,753.37
Other financial liabilities	73,275.78	-	-				
	301,184.76	-	-				

¹ The Group has not disclosed the fair values for cash and cash equivalents, bank balances, investment in debt securities, interest accrued but not due on loans and advances, bank deposits and investment, trade payables and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

Reconciliation of level 3 fair value measurement is as follows:

(₹ In Lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
i) Loans		
Balance at the beginning of the year	321,853.69	254,628.00
Gain included in OCI		
- Net change in fair value (unrealised)	665.35	(993.77)
Addition during the year	238,188.13	267,246.57
Amount derecognised / repaid during the year	(217,997.14)	(193,806.13)
Amount written off	(7,273.77)	(5,220.98)
Balance at the end of the year	335,436.26	321,853.69

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

Sensitivity analysis

	(₹ In Lakhs)	
	OCI, net of tax	
	Increase	Decrease
31 March 2020		
Loans		
Interest rates (1% movement)	(212.94)	228.22
31 March 2019		
Loans		
Interest rates (1% movement)	(145.15)	145.33

B. Measurement of fair values

i) Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 Measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

ii) Transfers between levels I and II

There has been no transfer in between level I and level II.

iii) Valuation techniques

Loans

The Holding Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year which is an unobservable input and therefore these has been considered to be fair valued using level 3 inputs.

Security deposits

The Group has fair valued the security deposit using normal market rate of interest as on relevant date using cash flow method approach.

Debt securities and borrowings

The Holding Company has computed fair value for debt securities and borrowings using normal market rate of interest as on relevant date using discounted cash flow model.

NOTE 39. CAPITAL

The Group maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI and NHB. The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI and NHB.

The Group has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Group's capital management.

NOTE 39.1 CAPITAL MANAGEMENT

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

NOTE 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk. The Group's board of directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's risk management committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

NOTE 40.1 CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

(a) Loans and advances

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Group's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ In Lakhs)

	Carrying Amount	
	As at 31 March 2020	As at 31 March 2019
Retail assets	155,673.75	166,271.96
Loans to NBFC	200,278.56	175,713.48
Construction finance	3,580.84	6,407.23
Total	359,533.15	348,392.67

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

(i) Staging:

As per the provision of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, the Group assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. The Group has staged the assets based on the days past due criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-60 Days	Stage 2	Lifetime Provision
61-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision

(ii) Grouping:

As per Ind AS 109, the Group is required to group the portfolio based on the shared risk characteristics. The Group has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

- TW loan
- SME loans
- SRT0 loan
- MSME loan
- Retail asset channel loans
- Housing & non-housing loans
- 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:

- Marginal probability of default ("MPD")
- Loss given default ("LGD")
- Exposure at default ("EAD")
- Discount factor ("D")

For RAC & HFC loan portfolio, the Group has developed internal rating based approach for the purpose of ECL. The credit rating framework of the Group consists of various parameters based on which RAC & HFC loan portfolio is evaluated and credit rating is assigned accordingly. The credit rating matrix developed by the Group is validated in accordance with its ECL policy.

The Group has developed its PD matrix based on the external benchmarking of various external reports, ratings & Basel norms. This PD matrix is calibrated with its historical data and major events on regular time interval in accordance with its ECL policy.

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from internal data calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Group has worked out on PD based on the last five years historical data.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

Marginal probability:

The PDs derived from the vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: upside (11%), downside (21%) and base (68%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

LGD:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Group has considered workout LGD approach. The following steps are performed to calculate the LGD:

- 1) Analysis of historical credit impaired accounts at cohort level.
- 2) The computation consists of five components, which are:
 - a) Outstanding balance (POS)
 - b) Recovery amount (discounted yearly) by effective interest rate.
 - c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using effective interest rate.
 - d) Collateral (security) amount

The formula for the computation is as below:

% Recovery rate = (discounted recovery amount + security amount + discounted estimated recovery) / (total POS) % LGD = 1 – recovery rate

For RAC and HFC loan portfolio, the LGD has been considered based on Basel-III Framework (International Regulatory Framework of Banks) for all the level of credit rating portfolio.

EAD:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. The Group has modelled EAD based on the contractual and behavioural cash flows till the lifetime of the loans considering the expected prepayments.

The Group has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. Further, the stage 3 EAD for the purpose of the ECL computation is considering when loan became Stage 3 for the first time (for retail loans).

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

Conditional RAC ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt)

For RAC and HFC loan portfolio, the Group has calculated ECL based on borrower wise assessment of internal credit rating as per the framework of the Group, while for retail loan portfolio, the same has been calculated on collective basis.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

	(₹ In Lakhs)	
	As at 31 March 2020	As at 31 March 2019
Stage 1	0.65%	0.35%
Stage 2	20.22%	10.81%
Stage 3	30.33%	20.70%
Amount of expected credit loss provided for	6,173.43	3,724.86

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Group's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

(iv) Impact assessment on account of COVID-19

The current COVID -19 impact on economic growth of the country is difficult to predict and the extent of negative impact will mainly depend on the future developments in containment of COVID-19, which is highly uncertain. Existing ECL model of the Group was primarily based on historical experiences of the economic conditions, customer behaviour and related factors. Hence, the increased uncertainty about potential future economic scenarios and their impact on credit losses has necessitated to consider additional scenarios while measuring ECLs.

The Group has, based on current available information estimated and applied management overlays based on the policy approved by the Board of Directors of the respective companies for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Group's management has considered internal and external information including credit reports and economic forecasts. Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates ₹ 6,173.44 Lakhs (as at 31 March 2019, ₹ 3,724.86 Lakhs) which includes potential impact on account of the pandemic of ₹ 2,235.41 Lakhs. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate.

The extent to which the COVID-19 pandemic will impact the Group's financial statements will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Group. Given the uncertainty over the potential macro- economic condition, the impact of COVID-19 pandemic may be different from that estimated as at the date of approval of these consolidated financial statements and the Group will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period.

(b) Cash and cash equivalent and bank deposits

Credit risk on cash and cash equivalent and bank deposits is limited as the Group generally invests in term deposits with banks which are rated AA- to AA+, based on external credit rating agencies.

NOTE 40.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Group is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Group manages its liquidity by unutilised cash credit facility, term loans and direct assignment.

The composition of the Group's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Holding Company, as on 31 March 2020 is 31.97% against regulatory norms of 15%. Tier I capital is 29.88% as against requirement of 10%. Tier II capital is 2.09% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

Capital adequacy ratio of the subsidiary company, as on 31 March 2020 is 40.69% against regulatory norms of 12%. Tier I capital is 32.57%. Tier II capital is 8.12% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

The total cash credit limit available to the Group is ₹ 181,200.00 Lakhs spread across 20 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

Majority of the Group's portfolio is MSME loans which qualifies as Priority Sector Lending. Over the years, the Holding Company has maintained around 35% to 40% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Holding Company. This further strengthens the liability management.

The table below summarises the maturity profile of the undiscounted cashflow of the Group's financial liabilities:

	(₹ In Lakhs)								
	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
As at 31 March 2020									
Debt securities	-	-	129.64	131.07	529.29	6,753.92	-	-	7,543.92
Borrowings	3,568.55	5,770.93	8,458.39	17,077.47	159,036.12	78,362.51	17,927.21	4,151.61	294,352.79
Trade payable	414.11	-	20.70	152.54	225.43	-	-	-	812.78
Lease Liability	12.51	11.20	10.47	30.41	56.47	76.56	7.12	-	204.74
Other financial liabilities	31,096.37	844.81	2,109.92	7,251.50	19,321.25	26,644.90	2,992.95	613.75	90,875.45
As at 31 March 2019									
Debt securities	-	-	129.64	131.07	531.10	2,771.78	4,764.74	-	8,328.33
Borrowings	3,129.10	2,474.51	127,099.23	10,741.32	22,678.57	61,322.59	4,498.47	1,415.24	233,359.03
Trade payable	600.10	-	-	-	-	-	-	-	600.10
Other financial liabilities	20,956.70	599.65	1,690.23	5,617.04	5,738.07	33,393.75	4,756.70	523.64	73,275.78

NOTE 40.3 MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Group, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The sensitivity analysis have been carried out based on the exposure to interest rates for lending and borrowings carried at variable rate.

	(₹ In Lakhs)	
	Year ended 31 March 2020	
Change in interest rates	50 bp increase	50 bp decrease
Variable rate lending	223,035.10	223,035.10
Impact on profit for the year	1,107.95	(1,107.95)
Variable rate borrowings	258,319.63	258,319.63
Impact on profit for the year	(3,279.70)	3,279.70

Notes

Forming Part of the Consolidated Financial Statements as at 31 March 2020 (Contd.)

B. Foreign currency risk

The Group does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Group.

NOTE 41. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue from contracts with customers and reconciliation to statement of profit and loss:

	(₹ In Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Type of income		
Services charges	1,165.02	873.63
Others	437.05	504.17
Total revenue from contracts with customers	1,602.07	1,377.80
Geographical markets		
India	1,602.07	1,377.79
Outside India	-	-
Total revenue from contracts with customers	1,602.07	1,377.79
Timing of revenue recognition		
Services transferred at a point in time	1,602.07	1,377.79
Services transferred over time	-	-
Total revenue from contracts with customers	1,602.07	1,377.79

NOTE 42. EVENTS AFTER THE REPORTING PERIOD

Ind AS 10 'Events after the Reporting Period', requires an entity to evaluate information available after the balance sheet date to determine if such information constitutes an adjusting event, which would require an adjustment to the financial statements, or a non-adjusting event, which would only require disclosure.

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. RBI vide its notification bearing no. RBI/2019-20/244DOR.No.BP. BC.71/21.04.048/2019-20 COVID-19 Regulatory Package dated 23 May 2020 have permitted to grant further moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between 1 June 2020 and 31 August 2020 to its borrowers. The same is considered as non-adjusting event.

NOTE 43. PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED / RECLASSIFIED, WHEREVER FOUND NECESSARY, TO CONFORM TO CURRENT YEAR CLASSIFICATION.

In terms of our report of even date attached
For B S R & Co. LLP
 Chartered Accountants
 Firm's Registration No: 101248W/W-100022

Sameer Mota
 Partner
 Membership No: 109928

Mumbai
 3 June 2020

Darshana S. Pandya
 (Director & Chief Executive Officer)
 (DIN - 07610402)

Riddhi B. Bhayani
 (Company Secretary & Compliance Officer)
 (Membership No: A41206)

Ahmedabad
 3 June 2020

For and on behalf of the Board of Directors of
HAS Financial Services Limited

Kamlesh C. Gandhi
 (Chairman & Managing Director)
 (DIN - 00044852)

Mukesh C. Gandhi
 (Whole Time Director & Chief Financial Officer)
 (DIN - 00187086)

25th Year of Endeavours



Plan - Act - Achieve



The Power of Distribution

MAS Financial Services Limited

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